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Appropriations Report

1991 Biennium

Volume I

Submitted by

The Office of the Legislative Fiscal Analyst

Helena, Montana

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JUDY RIPPINGALE
LEGISLATIVE FISCAL ANALYST

September, 1989

Members of the Fifty-first Legislature
Members of the Legislative Finance Committee

In accordance with Section 5-12-302, MCA, and in keeping with the practice established in previous sessions, I am submitting the Appropriations Report for the 1991 biennium. The report represents an effort by our office to summarize important fiscal action and legislative policy developed during the 1989 regular and special session.

After summarizing the forecasted general fund balance and revenue, this report shows appropriations by agency. Increases from the previous biennium are detailed and major legislation affecting fiscal policy is outlined.

Respectfully submitted,

Judy Rippingale

Judy Rippingale
Legislative Fiscal Analyst

APPROPRIATIONS REPORT

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General Fund Appropriation Summary
1989 Sessions

Regular Session		Fiscal 1989	Fiscal 1990	Fiscal 1991
House Bill 54	Committee on Indian Affairs		$ 2,250	$ 2,250
House Bill 65	Feed Bill	$ 4,269,694	-0-	-0-
House Bill 100	General Appropriations Act		391,700,213	404,533,846
House Bill 193	State Aid to Public Libraries		283,000	283,000
House Bill 200	Montana Child Care Act		60,000	60,000
House Bill 245	Issue New License Plates		1,811,440	402,466
House Bill 301	Supplemental Appropriations	17,110,841	-0-	-0-
House Bill 304	In-Patient Psych. Svc. for Youth		17,027	17,027
House Bill 320	Supreme Court Improvement		131,104	72,058
House Bill 354	Post-Secondary Education Study		87,000	-0-
House Bill 402	Statewide Genetics Program		344,150	344,150
House Bill 469	Monitor Yellowstone County Air		25,000	25,000
House Bill 535	Medicare Supplemental Insurance		25,891	22,697
House Bill 552	Lic. Underground Tank Installers		25,000	25,000
House Bill 760	Feas. Study of Billings Reserv.		7,500	-0-
House Bill 768	Museum of the Rockies		262,201	-0-
House Bill 772	Surplus Property Program		150,000	-0-
House Bill 786	Pay Plan		5,777,697	11,902,647
Senate Bill 128	Revise Job Search and Training		832,265	832,265
Special Session				
House Bill 15	Feed Bill		463,047	-0-
House Bill 20	Personal Prop. Tax Reductions		-0-	19,460,000
House Bill 28	School Funding Reform		436,975	436,975
House Bill 44	UM-Comm. Sci. and Disorders Prog.		-0-	200,000
House Bill 56	Workers' Compensation		20,000,000	-0-
House Bill 64	Supplemental Feed Bill		97,557	-0-
Total		$21,380,535	$422,539,317	$438,619,381

A COMPARISON OF GENERAL FUND REVENUE PROJECTIONS

When the Fifty-first Legislature convened, two sets of revenue projections were available to it: those presented by the executive and those prepared by the Office of the Legislative Fiscal Analyst. During the session, the LFA revised its forecast and the legislature developed its own forecast in House Joint Resolution 13. Evolution of the revenue forecasts is discussed in this section.

With the remainder of its budget, the executive's revenue projections were made public in November 1988. The executive projected fiscal 1989 general fund revenue of $377.36 million and 1991 biennium revenue of $749.16 million, both under current (January 1, 1989) law. The forecasts were derived from economic assumptions adopted by the Governor's Revenue Estimating Advisory Council. The underlying economic assumptions included Montana personal income growth averaging 5.2 percent annually during the forecast period and an average treasury cash balance available for investment of $205 million during the 1991 biennium. Interest rates earned on those balances were assumed to average 7.5 percent in fiscal 1989, 7.3 percent in fiscal 1990, and 7.0 percent in fiscal 1991.

The Legislative Fiscal Analyst's general fund revenue projections released in January 1989 showed $389.45 million of fiscal 1989 general fund revenue and $767.28 million for the 1991 biennium, with adjustment in accounting for institutional reimbursement consistent with the executive. Compared with the executive forecasts, the LFA figures were $12.09 million higher for fiscal 1989 and $18.12 million higher for the 1991 biennium. Montana non-farm labor income was expected to grow an average of 5.8 percent annually during the forecast period, while the average treasury cash balance was assumed to be $242.4 million during the 1991 biennium. The LFA balances are premised on the sale of $51 million and $62 million of tax and revenue anticipation notes in fiscal 1990 and 1991, respectively, while the executive assumed no sales. Short-term interest rates were forecast to average 8.2 percent in fiscal 1989, 8.0 percent in fiscal 1990, and 7.1 percent in fiscal 1991.

In March, both the LFA and the aide to the Speaker of the House of Representatives released revenue forecasts higher than those available as the session began. Specifically, the LFA forecast general fund revenue of $399.83 million for fiscal 1989 and $791.39 million for the 1991 biennium. For the three years in the forecast period, the revised LFA forecast was $34.50 million more than the original forecast. Most of the additional revenue was from individual income taxes and resulted from upward revisions in the expected levels of non-farm labor income. The aide to the Speaker recommended that anticipated general fund revenue be increased $35.58 million for the three years forecast. As was the case with the LFA, higher individual income tax revenue accounted for most of the revision. Unlike the LFA, however, the aide attributed most of the additional revenue to federal tax reform, not income growth.

House Joint Resolution 13 was introduced in the Fifty-first Legislature with the intention that it provide a vehicle for establishing legislative revenue projections. Joint rules of the legislature called for the appointment of a joint subcommittee of the House and Senate Taxation Committees to consider the resolution. After hearings and deliberations, the subcommittee recommended a general fund revenue forecast of $402.47 million for fiscal 1989 and $795.88 million for the 1991 biennium. This recommendation was adopted by the full House Taxation Committee and the house. In the Senate Taxation Committee, the revenue forecasts were amended to reflect year-to-date revenue from the natural gas severance tax, the metal mines tax, and the freight line tax. These small adjustments resulted in forecasts of $402.69

million for fiscal 1989 and $795.94 million for the 1991 biennium. The senate concurred in the resolution as amended by the committee and the house concurred with the senate amendments.

Table 1 compares the fiscal 1989 general fund revenue projections with those contained in House Joint Resolution 13.

Table 1
A Comparison of Fiscal 1989 General Fund Revenue Forecasts
(Millions)

	Revenue	Amount Over (Under) LFA Forecast
LFA	$399.83	$ -0-
Executive	377.36	(22.47)
House Joint Resolution 13	402.69	2.86

Table 2 shows 1989 biennium general fund revenue as forecast by the LFA, House Joint Resolution 13, and the executive before the effects of legislation passed by the Fifty-first Legislature.

Table 2
A Comparison of 1991 Biennium General Fund Revenue Forecasts
(Millions)

	Revenue	Amount Over (Under) LFA Forecast
LFA	$791.39	$ -0-
Executive	749.16	(42.23)
House Joint Resolution 13	795.94	4.55

GENERAL FUND SUMMARY

Based on its revenue forecast, the Office of the Legislative Fiscal Analyst anticipates the general fund will end the 1989 biennium with a balance of $66.85 million. The 1991 biennium ending fund balance is expected to be $26.2 million with no allowances for possible supplemental appropriations or refunds of income taxes paid on federal pensions. Table 1 shows derivation of these forecasts.

Table 1
Projected General Fund Balance
Fiscal Years 1989 Through 1991
(Millions)

	Fiscal 1989	Fiscal 1990	Fiscal 1991
Beginning Fund Balance, July 1	$ 39.47	$ 66.85	$ 64.38
General Fund Revenue	414.44	424.26	409.84
Residual Equity Transfers	2.65	-0-	-0-
Total Funds Available	$456.56	$491.11	$474.22
Legislative Appropriations	$380.85	$421.98	$438.62
Feed Bill	4.27	0.56	4.53
Net Long-term Debt Service	11.09	11.06	10.98
TRANS Issue and Interest Costs	-0-	3.63	4.36
Reversions	(6.50)	(10.50)	(10.50)
Total Disbursements	$389.71	$426.73	$447.99
Ending Fund Balance, June 30	$ 66.85	$ 64.38	$ 26.23

As Table 1 indicates, general fund revenue in each fiscal year 1990 and 1991 is expected to be less than that year's expenditures. Maintenance of a positive fund balance is possible because a large beginning fund balance is available to be drawn down.

In March 1989, the U. S. Supreme Court ruled, in Davis vs. Michigan Department of Treasury, that income tax exemptions offered to retired state employees are unconstitutionally discriminatory if similar exemptions are not offered to federal employees. Montana law exempts all state and local government pensions from taxation, while excluding only $3,600 of federal pensions. Since the U. S. Supreme Court decision, Montana's law has been challenged by a federal

retiree. If the state is required to refund five year's of taxes paid by federal retirees, the revenue loss is expected to total $13 million. In addition, $2.6 million of revenue would be lost each future year if retired federal employees were to receive the same exemption as retired state and local employees. The revenue forecasts in Table 1 are based on current Montana law and do not reflect the possible revenue loss if the Davis ruling is found to apply to Montana's law.

GENERAL FUND REVENUE FORECASTS

For the 1991 biennium, the Office of the Legislative Fiscal Analyst anticipates general fund revenue will total $832.0 million. This forecast includes the effects of all statutory changes made by the Fifty-first Legislature. Table 1 summarizes the revenue forecast by category and by fiscal year. With the exception of the five categories revised by the LFA in June 1989, the forecasts are those contained in House Joint Resolution 13 adjusted for statutory changes. Estimates for the individual income tax, the corporation license tax, the oil severance tax, interest on investments, and the bond transfer are LFA revised forecasts.

Table 1
General Fund Revenue for Fiscal Years 1988, 1989, 1990, and 1991
(Millions)

Category	Actual FY1988	Forecast FY1989	Forecast FY1990	Forecast FY1991	Percent Change '88-89	Percent Change '89-90	Percent Change '90-91
Individual Income Tax	$142.747	$156.195	$154.447	$147.452	9.4	(1.1)	(4.5)
Corporation License Tax	27.027	32.924	35.538	35.944	21.8	7.9	1.1
Coal Severance Tax	12.962	9.115	8.132	7.148	(29.7)	(10.8)	(12.1)
Oil Severance Tax	16.484	13.170	13.606	10.895	(20.1)	3.3	(19.9)
Interest on Investments	15.783	23.525	23.434	19.294	49.1	(0.4)	(17.7)
Bond Transfer	38.116	42.107	42.119	41.149	10.5	0.0	(2.3)
Coal Trust Fund Interest	36.775	39.720	40.670	37.808	8.0	2.4	(7.0)
Insurance Premiums Tax	32.171	21.371	26.300	28.192	(33.6)	23.1	7.2
Public Institutions Reimb.	15.395	16.090	12.211	12.352	4.5	(24.1)	1.2
Liquor Profits	3.633	3.524	3.714	3.942	(3.0)	5.4	6.1
Liquor Excise Tax	5.323	5.188	5.252	5.370	(2.5)	1.2	2.2
Inheritance Tax	8.745	10.514	9.550	9.980	20.2	(9.2)	4.5
Metal Mines Tax	2.962	4.203	4.458	3.821	41.9	6.1	(14.3)
Electrical Energy Tax	3.311	3.632	3.221	3.221	9.7	(11.3)	0.0
Driver's License Fees	0.790	0.804	0.791	0.812	1.8	(1.6)	2.7
Telephone License Tax	3.450	3.656	3.821	3.971	6.0	4.5	3.9
Beer License Tax	1.255	1.242	1.244	1.260	(1.0)	0.2	1.3
Natural Gas Severance Tax	1.492	1.418	1.073	1.092	(5.0)	(24.3)	1.8
Freight Line Tax	1.230	1.126	1.288	1.342	(8.4)	14.4	4.2
Wine Tax	0.930	0.833	0.794	0.794	(10.4)	(4.7)	0.0
Other Revenue	21.375	24.080	32.598	34.004	12.7	35.4	4.3
Total	$391.956	$414.437	$424.261	$409.843	5.7	2.4	(3.4)

General fund revenue is forecast to increase $27.7 million or 3.4 percent in the 1991 biennium compared with the 1989 biennium. The following revenue sources are major contributors to growth.

1. The general fund share of the corporation license tax increases $11.5 million between the two biennium as collections are expected to remain above the depressed fiscal 1988 level.

2. Other revenue is anticipated to increase $20.7 million, largely as a result of revenue formerly part of the motor vehicle account being deposited in the general fund. Offsetting the gain, however, are appropriations from the general fund which were previously state special revenue.

The following sections discuss individual general fund categories and the statutory changes in each.

Individual Income Tax

General fund revenue from the individual income tax is forecast to total $156.2 million in fiscal 1989, $154.4 million in fiscal 1990, and $147.5 million in fiscal 1991. The decline in general fund revenue is due to reallocation of the total tax resulting from passage of House Bill 28 by the special session and explained below. Underlying these forecasts are the assumptions that Montana non-farm labor income grows 6.0 percent in 1989, 5.5 percent in 1990, and 6.2 percent in 1991. Table 2 shows the revised LFA forecast of revenue from the individual income tax, the effect of statutory changes made by the legislature, and the post-session forecast which reflects the net effect of statutory changes.

Table 2
Revenue from the Individual Income Tax

	Fiscal 1989	Fiscal 1990	Fiscal 1991
LFA Revised Total Revenue Forecast	$268,377,000	$268,146,000	$286,322,000
Effect of Statutory Changes			
Regular Session			
HB166 - Credit for Care of Elderly	$ -0-	$ (469,000)	$ (469,000)
HB545 - Exempt Agent Orange Settlements	-0-	(22,000)	(22,000)
HB564 - Credit for Elderly Renters	-0-	(135,000)	(135,000)
SB282 - Credit for Child Care	-0-	-0-	(779,000)
Special Session I			
HB28 - School Funding Reform	-0-	3,439,000	9,988,000
Total Changes	$ -0-	$ 2,813,000	$ 8,583,000
Post-Session Total Revenue Forecast	$268,377,000	$270,959,000	$294,905,000
Distribution of Revenue:			
General Fund	$156,195,000	$154,447,000	$147,452,000
School Equalization	85,344,000	89,958,000	121,796,000
Debt Service	26,838,000	26,554,000	25,657,000

Statutory changes affecting the individual income tax are contained in five bills passed by the legislature.

1. House Bill 166 allows a tax credit for expenses incurred in the care of elderly family members. Total individual income tax revenue is expected to decrease by $469,000 each year of the 1991 biennium as eligible taxpayers use the credit.

2. House Bill 545 exempts "Agent Orange" settlements paid by the federal government from taxation. Based on the anticipated settlement nationwide and the number of Vietnam veterans in Montana, the exemption is anticipated to reduce taxes by $22,000 annually.

3. House Bill 564 extends the residential property tax credit to those who rent from public housing authorities. As a result of the extension, individual income taxes are forecast to decline $135,000 each year.

4. House Bill 282 provides a credit against Montana income taxes for amounts paid by an employer for dependent care assistance provided to employees. Effective beginning in 1990, the credit is expected to reduce taxes $779,000 in fiscal 1991.

5. House Bill 28 imposes a 5 percent education surtax on 1990 liabilities. Individual income tax collections are expected to increase $3.4 million in fiscal 1990 and $10.0 million in fiscal 1991 due to the surtax. In addition, House Bill 28 reallocates revenue from the individual income tax. Beginning with 1987 liabilities, 58.2 percent of revenue is deposited in the general fund, 31.8 percent in the school equalization aid account, and 10.0 percent in the long-range building debt service account. Revenue in the 1991 biennium will be shifted to schools from the general fund: the general fund share will decline to 57.0 percent in fiscal 1990 and 50.0 percent in fiscal 1991, while school equalization receives 33.2 percent in fiscal 1990 and 41.3 percent in fiscal 1991. The remaining 9.8 percent in fiscal 1990 and 8.7 percent in fiscal 1991 are deposited in the debt service account and transferred to the general fund.

Table 3 shows how distribution of individual income taxes has changed since the 1986 tax year.

Table 3
Distribution of the Individual Income Tax

	1986	1987-FY1989	FY1990	FY1991
General Fund	64.0%	58.2%	57.0%	50.0%
School Equalization	25.0%	31.8%	33.2%	41.3%
Debt Service	11.0%	10.0%	9.8%	8.7%

Corporation License Tax

With the effect of legislation passed this year, general fund revenue from the corporation license tax is expected to total $32.9 million in fiscal 1989, $35.5 million in fiscal 1990, and $35.9 million in fiscal 1991. The LFA revised forecasts are based on the assumptions that Montana tax collections continue in their historic relationship to U. S. corporate profits before taxes and that corporate profits will increase 4.7 percent in 1989 before declining 0.4 percent in 1990. Table 4 shows the effect legislation passed by the Fifty-first Legislature is forecast to have on revenue from the corporation license tax.

Table 4
Revenue from the Corporation Income Tax

	Fiscal 1989	Fiscal 1990	Fiscal 1991
LFA Revised Total Revenue Forecast	$55,374,000	$53,684,000	$51,431,000
Effect of Statutory Changes			
Regular Session			
HB56 - Estimated Tax Payments	$ -0-	$ 7,392,000	$12,221,000
HB28 - School Funding Reform	-0-	370,000	1,330,000
Total Changes	$ -0-	$ 7,762,000	$13,551,000
Post-Session Total Revenue Forecast	$55,374,000	$61,446,000	$64,982,000
Distribution of Revenue:			
General Fund	$32,924,000	$35,538,000	$35,944,000
School Equalization	12,861,000	13,882,000	16,794,000
Debt Service	5,659,000	6,109,000	6,187,000
Local Governments	3,930,000	5,917,000	6,057,000

The two bills affecting corporation tax revenue and passed by the legislature are discussed below.

1. House Bill 56 requires corporations with annual liabilities in excess of $5,000 to make estimated tax payments during the year the liability is incurred. Previously, tax payments were due only after the end of the tax year. This acceleration of tax collections is expected to increase total revenue from the corporation license tax by $7.4 million in fiscal 1990 and $12.2 million in fiscal 1991.

2. House Bill 28 imposes a 5 percent education surtax on 1990 corporation tax liabilities. In combination with the tax acceleration in House Bill 56, the surtax is expected to raise $370,000 in fiscal 1990 and $1.3 million in fiscal 1991.

In addition, House Bill 28 reallocates revenue from the corporation license tax. The general fund will receive 61.0 percent of total state revenue beginning in fiscal 1991 compared with 64.0 percent currently. Likewise, the share going to the debt service account will fall from 11.0 percent to 10.5 percent. The allocation to schools will rise from the present 25.0 percent to 28.5 percent in fiscal 1991.

Coal Severance Tax

The post-session coal tax projections are based upon taxable coal production of 32 million tons in each year of the 1991 biennium. The average contract sales price is projected to be $7.46 in fiscal 1990 and $7.41 in fiscal 1991. Table 5 shows the general fund impact of statutory changes affecting coal tax collections and distribution.

Table 5
General Fund Revenue from Coal Severance Tax

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR13 - General Fund Forecast	$9,114,900	$7,236,000	$6,411,600
Effect of Statutory Changes			
HB4 - Extends Incentive Tax Credit	-0-	(8,080)	(65,000)
HB526 - Eliminates Alt. Energy Acct.	-0-	904,500	801,400
Post-Session General Fund Forecast	$9,114,900	$8,132,420	$7,148,000

Three bills passed by the Fifty-first Legislature affect coal tax revenues and their distribution.

1. House Bill 4 extends the incentive tax credit on new and incremental coal production to include coal produced between January 1, 1989 and June 30, 1991. Because the tax credit is taken in the calendar year following the production year, the impact of this legislation on revenue collections will not begin to be felt until the last quarter of fiscal 1990. Total coal tax collections are projected to decline by $52,500 in fiscal 1990 and $422,500 in fiscal 1991 as a result of this legislation. The general fund impact is 15.39 percent of the total impact.

2. House Bill 526 eliminates the allocation of coal taxes to the alternative energy and energy conservation research and development account and increases the allocation to the general fund by 1.71 percent. The net gain to the general fund from this reallocation is $1,705,900 over the 1991 biennium.

3. House Bill 28 (Special Session) revises the allocation of coal tax revenue in fiscal 1991 by eliminating the education trust fund and permanently reallocating 7.6 percent of the coal tax from the education trust fund to the public

school equalization account. Table 6 below shows the distribution of coal severance tax collections in the 1991 biennium using post-session revenue estimates.

Table 6
Coal Severance Tax Allocations
1991 Biennium

Category	Fiscal 1990 Percent	Fiscal 1990 Projected	Fiscal 1991 Percent	Fiscal 1991 Projected	1991 Biennium Projected
Constitutional Trust	50.000	$26,421,119	50.000	$23,222,961	$49,644,080
General Fund	15.390	8,132,420	15.390	7,148,027	13,582,620
Education Trust	7.600	4,016,010	0.000	-0-	4,016,010
Local Impact	6.650	3,514,009	6.650	3,088,654	6,602,663
Public School Equalization	3.800	2,008,005	11.400	5,294,835	7,302,840
Parks Acquisition Trust	1.900	1,004,003	1.900	882,473	1,886,475
Renewable Resources	0.475	251,001	0.475	220,618	471,619
Water Development	0.475	251,001	0.475	220,618	471,619
County Land Planning	0.380	200,801	0.380	176,495	377,295
Library Commission	0.380	200,801	0.380	176,495	377,295
Conservation Districts	0.190	100,400	0.190	88,247	188,648
Hwy. Reconstruction	12.000	6,341,068	12.000	5,573,511	11,914,579
MT Growth Thru Agriculture	0.760	401,601	0.760	352,989	754,590
Total	100.000	$52,842,239	100.000	$46,445,923	$99,288,161

Oil Severance Tax

General fund revenue from the oil severance tax is forecast to total $13.2 million in fiscal 1989, $13.6 million in fiscal 1990, and $10.9 million in fiscal 1991. These LFA revised forecasts are based on the assumptions the average price of Montana crude oil will fall from $16.45 in fiscal 1988 to $13.86 in fiscal 1991. At the same time, taxable production will decline from the actual fiscal 1988 level of 21.0 million barrels to 17.1 million barrels in fiscal 1991. As Table 7 indicates, only one bill, Senate Bill 368, was enacted by the legislature which affects the oil severance tax.

Table 7
General Fund Revenue from the Oil Severance Tax

	Fiscal 1989	Fiscal 1990	Fiscal 1991
LFA Revised General Fund Forecast	$13,170,000	$13,666,000	$10,946,000
Effect of Statutory Changes			
Regular Session			
SB368 - Extend Stripper Tax Rate	$ -0-	$ (60,000)	$ (51,000)
Post-Session General Fund Forecast	$13,170,000	$13,606,000	$10,895,000

Senate Bill 368 extends the reduced tax rate on stripper production over 5 barrels a day through the 1991 biennium. Under previous law, the rate would have risen from 3 percent to 5 percent on April 1, 1989. Extending the reduced tax rate for two years results in revenue losses of $60,000 in fiscal 1990 and $51,000 in fiscal 1991.

Interest on Investments

General fund revenue from interest on investments is anticipated to total $23.5 million in fiscal 1989, $23.4 million in fiscal 1990, and $19.3 million in fiscal 1991. The fiscal 1991 decline is due to the average interest rate falling to 8.2 percent from 9.0 percent in fiscal 1990. As Table 8 indicates, the forecast was increased $1.1 million for the 1991 biennium to reflect the effect of bills passed by the legislature.

Table 8
General Fund Revenue from Interest on Investments

	Fiscal 1989	Fiscal 1990	Fiscal 1991
LFA Revised General Fund Forecast	$23,525,000	$23,434,000	$19,660,000
Effect of Statutory Changes			
Special Session I			
SB28 - Extend Stripper Tax Rate	$ -0-	$ -0-	$ (366,000)
Post-Session General Fund Forecast	$23,525,000	$23,434,000	$19,294,000

House Bill 28 specifies that interest earned on cash in the school equalization aid account will be deposited in that account beginning in fiscal 1991. In the past, that interest was general fund revenue. The change is expected to decrease general fund interest on investments $366,000 in fiscal 1991.

Bond Transfer

The bond transfer to the general fund is made from the long-range building program debt service account and is equal to the balance in the account in excess of that which must be held for future principal and interest payments. Since funds for principal and interest payments come from a general fund appropriation, all revenue deposited in the debt service account is available for transfer to the general fund. The debt service account receives revenue from the individual income tax, the corporation license tax, the cigarette tax, and the tobacco products tax. General fund revenue from the bond transfer is anticipated to total $42.1 million in fiscal 1989, $42.1 million in fiscal 1990, and $41.1 million in fiscal 1991. As Table 9 shows, statutory changes affecting the bond transfer reduce general fund revenue by $1.4 million for the 1991 biennium. The revenue reduction results from House Bill 28 which decreases the share of individual and corporation income taxes deposited in the general fund.

Table 9
General Fund Revenue from the Bond Transfer

	Fiscal 1989	Fiscal 1990	Fiscal 1991
LFA Revised General Fund Forecast	$42,107,000	$41,608,000	$43,067,000
Effect of Statutory Changes			
Regular Session			
HB166 - Credit for Care of Elderly	$ -0-	$ (47,000)	$ (47,000)
HB202 - Increase Cigarette Tax	-0-	-0-	-0-
HB545 - Exempt Agent Orange Settlement	-0-	(2,000)	(2,000)
HB564 - Credit for Elderly Renters	-0-	(14,000)	(14,000)
HB282 - Credit for Child Care	-0-	-0-	(80,000)
Special Session I			
HB56 - Estimated Tax Payments	-0-	735,000	1,219,000
HB28 - School Funding Reform	-0-	(161,000)	(2,994,000)
Total Changes	$ -0-	$ 511,000	$(1,918,000)
Post-Session General Fund Revenue Forecast	$42,107,000	$42,119,000	$41,149,000

Each of the bills which affects individual income or corporation license taxes changes revenue to the debt service account and, consequently, the bond transfer to the general fund. Because those bills are discussed in the preceding sections, the explanations of the statutory changes are not repeated here. Although House Bill 202 increased the cigarette tax from 16 cents to 18 cents per package, the change had no effect on general fund revenue because the share of the total deposited in the debt service account was also reduced to offset the rate increase.

Coal Trust Interest

Table 10 shows the impact of legislation reallocating the earnings of the coal tax trust fund.

Table 10
General Fund Revenue from Coal Trust Interest

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR - General Fund Forecast	$39,720,000	$36,540,000	$38,646,000
Effect of Statutory Changes			
HB759 - $2 Million to McLaughlin Center	-0-	(2,000,000)	-0-
HB100 - All Interest to General Fund (FY90)	-0-	6,130,000	-0-
HB 28 - 15% of Interest to Schools (FY91)	-0-	-0-	(838,000)
	$39,720,000	$40,670,000	$37,808,000

Three bills passed by the Fifty-first Legislature changed the distribution of coal trust fund earnings. House Bill 100 and House Bill 28 (Special Session I) eliminate the reinvestment of 15 percent of the trust fund earnings, thereby reducing the total earnings of the trust.

1. House Bill 759 appropriates $2.0 million of coal trust earnings to the Science and Technology Board for the McLaughlin Research Center in Great Falls for the 1991 biennium. These funds would have otherwise been deposited to the general fund in accordance with the language in House Bill 100.

2. House Bill 100 states that "(t)he coal severance tax income fund, unless appropriated by another act of the Fifty-first Legislature, is appropriated to the general fund for use during the biennium ending June 30, 1991." Without this language, interest earnings would have been allocated 85 percent to the general fund and 15 percent to the coal trust fund.

3. House Bill 28 (Special Session I) allocates 15 percent of the trust fund earnings to the public school equalization account beginning in fiscal 1991.

Insurance Premiums Tax

General fund revenue from insurance premiums taxes is expected to total $21.4 million in fiscal 1989, $26.3 million in fiscal 1990, and $28.2 million in fiscal 1991. As Table 11 indicates, the net effect of bills passed by the Fifty-first Legislature is an $8.6 million increase in anticipated revenue from insurance taxes.

Table 11
General Fund Revenue from Insurance Premiums Taxes

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR 13 General Fund Forecast	$21,371,000	$22,187,000	$23,685,000
Effect of Statutory Changes			
Regular Session			
HB402 - Genetics Program Fee	$ -0-	$ 322,000	$ 322,000
HB604 - Police Officers' Pensions	-0-	(114,000)	(152,000)
SB78 - De-earmarking	-0-	918,000	902,000
SB428 - State Comp. Insurance Fund	-0-	2,987,000	3,435,000
Total Changes	$ -0-	$ 4,113,000	$ 4,507,000
Post-Session General Fund Forecast	$21,371,000	$26,300,000	$28,192,000

Four bills enacted by the legislature are expected to affect insurance tax collections.

1. House Bill 402 sets the fee to fund the voluntary statewide genetics program at 45 cents per insured resident and provides for a July 1, 1991 termination of the fee. At the 45 cents level, the genetics program fee is anticipated to raise $322,000 of revenue each year of the 1991 biennium.

2. House Bill 604 increases retirement benefits for municipal police officers who retired on or after July 1, 1975. Insurance taxes which fund contributions to the pension system will be reduced an estimated $114,000 in fiscal 1990 and $152,000 in fiscal 1991.

3. Senate Bill 78 de-earmarks several revenue sources which were previously deposited in state special revenue accounts. Among the de-earmarked funds is the insurance regulatory trust account. As a result, general fund revenue

is anticipated to increase $918,000 in fiscal 1990 and $902,000 in fiscal 1991. Appropriations previously made from the state special revenue account were made from the general fund for the 1991 biennium; thus, the de-earmarking has no net effect on the general fund balance.

4. Senate Bill 428 creates the state compensation mutual insurance fund to insure employers for workers' compensation and occupational disease liability. Because the fund is specifically subjected to the insurance premiums tax by the bill, general fund revenue is forecast to increase during the 1991 biennium, in the amounts of $2,987,000 in fiscal 1990 and $3,435,000 in fiscal 1991.

Public Institutions Reimbursement

General fund revenue from reimbursements on behalf of residents of the state's institutions is expected to total $16.1 million in fiscal 1989, $12.2 million in fiscal 1990, and $12.4 million in fiscal 1991. Behind the drop in fiscal 1990 is a change in the method of budgeting for reimbursement. Prior to that time, the state's general fund match to federal medicaid payments was included in the Department of Social and Rehabilitation Service's budget and was received, with the federal portion, as revenue by eligible state institutions. Beginning in fiscal 1990, the state's general fund match will be supplied by the individual institutions through documenting sufficient general fund expenditures on caring for medicaid residents. The change in budgeting procedures reduced reimbursements to the general fund by approximately $4 million annually. As Table 12, indicates, the Fifty-first Legislature enacted no laws which are forecast to affect public institutions reimbursement.

Table 12
General Fund Revenue from Public Institutions Reimbursement

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR 13 General Fund Forecast	$16,090,000	$12,211,000	$12,352,000
Effect of Statutory Changes	-0-	-0-	-0-
Post-Session General Fund Forecast	$16,090,000	$12,211,000	$12,352,000

Liquor Profits

Liquor profits deposited in the general fund are expected to total $3.5 million in fiscal 1989, $3.7 million in fiscal 1990, and $3.9 million in fiscal 1991. As shown in Table 13, there were no statutory changes affecting liquor profits made by the Fifty-first Legislature.

Table 13
General Fund Revenue from Liquor Profits

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR 13 General Fund Forecast	$3,524,000	$3,714,000	$3,942,000
Effect of Statutory Changes	-0-	-0-	-0-
Post-Session General Fund Forecast	$3,524,000	$3,714,000	$3,942,000

Liquor Excise Tax

General fund revenue from the liquor excise tax is expected to increase gradually from $5.2 million in fiscal 1989 to $5.3 million in fiscal 1990 and $5.4 million in fiscal 1991. The small revenue increases are attributable to modest price increases which more than offset the continuing decline in unit sales in fiscal years 1989 and 1990. Table 14 indicates there were no statutory changes made in the liquor excise tax.

Table 14
General Fund Revenue from Liquor Excise Tax

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR 13 General Fund Forecast	$5,188,000	$5,252,000	$5,370,000
Effect of Statutory Changes	-0-	-0-	-0-
Post-Session General Fund Forecast	$5,188,000	$5,252,000	$5,370,000

Inheritance Tax

Inheritance taxes are expected to generate $10.5 million in fiscal 1989, $9.6 million in fiscal 1990, and $10.0 million in fiscal 1991. Behind the fiscal 1989 forecast are collections during the year which ran substantially ahead of the prior year level. Anticipated revenue in the 1991 biennium is based on fiscal 1988 revenue adjusted to reflect inflation. As

Table 15 shows, there were no statutory changes affecting inheritance taxes made by the Fifty-first Legislature.

Table 15
General Fund Revenue from the Inheritance Tax

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR 13 General Fund Forecast	$10,514,000	$9,550,000	$9,980,000
Effect of Statutory Changes	-0-	-0-	-0-
Post-Session General Fund Forecast	$10,514,000	$9,550,000	$9,980,000

Metal Mines Tax

General fund revenue from the metal mines tax is forecast to total $4.2 million in fiscal 1989, $4.5 million in fiscal 1990, and $3.8 million in fiscal 1991. The fiscal 1991 revenue decline is due to a reduction in anticipated copper production and lower prices received for gold and platinum. As Table 16 indicates, statutory changes made by the Fifty-first Legislature increase forecasted revenue by $240,000.

Table 16
General Fund Revenue from the Metal Mines Tax

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR 13 General Fund Forecast	$4,203,000	$4,336,000	$3,703,000
Effect of Statutory Changes			
Regular Session			
SB410 - Rate Increase and Reallocation	-0-	122,000	118,000
Post-Session General Fund Forecast	$4,203,000	$4,458,000	$3,821,000

Senate Bill 410 increases the rates of the metal mines tax and reduces the general fund allocation of revenue from 67 percent to 58 percent. At the same time, the bill eliminates the requirement that those mines pay the resource indemnity trust tax. The net effects of the higher tax rates and the lower general fund share are revenue increases of $122,000 for fiscal 1990 and $118,000 for fiscal 1991.

Electrical Energy Tax

The tax on electrical energy production is anticipated to generate $3.6 million in fiscal 1989 and $3.2 million each year of the 1991 biennium. The drought and an accompanying increase in coal-generated production are responsible for the unusually high level of collections in fiscal 1989. For the following two years, production returns to more normal levels. Table 17 indicates no statutory changes affecting electrical energy tax revenue.

Table 17
General Fund Revenue from Electrical Energy Tax

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR 13 General Fund Forecast	$3,632,000	$3,221,000	$3,221,000
Effect of Statutory Changes	-0-	-0-	-0-
Post-Session General Fund Forecast	$3,632,000	$3,221,000	$3,221,000

Drivers' License Fees

General fund revenue from drivers' license fees is anticipated to total $804,000 in fiscal 1989, $791,000 in fiscal 1990, and $812,000 in fiscal 1991. As Table 18 indicates, the Fifty-first Legislature enacted no bills which impact revenue from drivers license fees.

Table 18
General Fund Revenue from Drivers' License Fees

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR 13 General Fund Forecast	$804,000	$701,000	$812,000
Effect of Statutory Changes	-0-	-0-	-0-
Post-Session General Fund Forecast	$804,000	$701,000	$812,000

Telephone License Tax

General fund revenue from the telephone license tax is expected to total $3.7 million in fiscal 1989, $3.8 million in fiscal 1990, and $4.0 million in fiscal 1991. There were no statutory changes made by the legislature which are expected to affect the telephone license tax, as Table 19 indicates.

Table 19
General Fund Revenue from the Telephone License Tax

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR 13 General Fund Forecast	$3,656,000	$3,821,000	$3,971,000
Effect of Statutory Changes	-0-	-0-	-0-
Post-Session General Fund Forecast	$3,656,000	$3,821,000	$3,971,000

Beer License Tax

Throughout the forecast period, general fund revenue from the beer license tax is anticipated to remain near the $1.2 million level. No bills were passed by the Fifty-first Legislature that will affect the beer tax. Table 20 shows forecasts of revenue from the tax.

Table 20
General Fund Revenue from the Beer License Tax

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR 13 General Fund Forecast	$1,242,000	$1,244,000	$1,260,000
Effect of Statutory Changes	-0-	-0-	-0-
Post-Session General Fund Forecast	$1,242,000	$1,244,000	$1,260,000

Natural Gas Severance Tax

General fund revenue from the natural gas severance tax is expected to total $1.4 million in fiscal 1989, then decline to $1.1 million each year of the 1991 biennium. As Table 21 indicates, no statutory changes were made affecting the natural gas severance tax.

Table 21
General Fund Revenue from Natural Gas Severance Tax

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR 13 General Fund Forecast	$1,418,000	$1,073,000	$1,092,000
Effect of Statutory Changes	-0-	-0-	-0-
Post-Session General Fund Forecast	$1,418,000	$1,073,000	$1,092,000

Freight Line Tax

From the $1.1 million anticipated in fiscal 1989, revenue from the freight line tax increases to $1.3 million for each year of the 1991 biennium. No statutory changes in the tax were made by the Fifty-first Legislature. Expected revenue for each year of the forecast period are shown in Table 22.

Table 22
General Fund Revenue from Freight Line Tax

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR 13 General Fund Forecast	$1,126,000	$1,288,000	$1,342,000
Effect of Statutory Changes	-0-	-0-	-0-
Post-Session General Fund Forecast	$1,126,000	$1,288,000	$1,342,000

Wine Tax

General fund revenue from the wine tax is expected to remain near the $800,000 level through the forecast period. As Table 23 indicates, the Fifty-first Legislature made no statutory changes affecting the wine tax.

Table 23
General Fund Revenue from Wine Tax

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR 13 General Fund Forecast	$833,000	$794,000	$794,000
Effect of Statutory Changes	-0-	-0-	-0-
Post-Session General Fund Forecast	$833,000	$794,000	$794,000

Other Revenue

In addition to the 20 categories discussed above, more than 100 other types of taxes, fees, and other revenue sources contribute to the general fund. Major components of the category include the net income tax on video gaming machines, vehicle fees, and the tax on regulated companies which supports the Public Service Commission. As Table 24 shows, general fund revenue from other sources is expected to be $24.1 million in fiscal 1989, $32.2 million in fiscal 1990, and $34.0 million in fiscal 1991. Statutory changes increase the forecast for the 1991 biennium by $18.2 million.

Table 24
General Fund Revenue from Other Sources

	Fiscal 1989	Fiscal 1990	Fiscal 1991
HJR 13 General Fund Revenue Forecast	$24,080,000	$23,673,000	$24,314,000
Effect of Statutory Changes			
Regular Session			
HB100 - Capitol Land Grant and Supercollider Transfers	$ -0-	$ 757,000	$ 740,000
HB165 - Registration of Off-road Vehicles	-0-	58,000	42,000
HB190 - Increase Pesticide Fees	-0-	135,000	135,000
HB232 - Increase Clerk of Court Fees	-0-	225,000	225,000
HB245 - Issue New License Plates	-0-	-0-	860,000
HB526 - Eliminate Alternative Energy Account	-0-	398,000	-0-
HB394 - Drivers' License Abstract Fees	-0-	355,000	355,000
HB712 - Motor Vehicle Recording Fees	-0-	1,772,000	1,772,000
HB739 - Lodging Facility Tax	-0-	65,000	65,000
HB744 - Eliminate MV Recording Account	-0-	4,520,000	4,900,000
SB78 - De-earmarking	-0-	748,000	704,000
SB241 - Reallocating District Court Fees	-0-	(145,000)	(145,000)
SB381 - Increase Attorneys' License Fee	-0-	37,000	37,000
Total Changes	$ -0-	$ 8,925,000	$ 9,690,000
Post-Session General Fund Forecast	$24,080,000	$32,598,000	$34,004,000

Thirteen bills enacted by the Fifty-first Legislature will affect general fund revenue from other sources.

1. House Bill 100 authorizes the transfer of funds in the capitol land grant account after the appropriation has been met for the General Services Division of the Department of Administration as well as the deposit of private funds unexpended in the supercollider effort. Transfers are expected to total $757,000 in fiscal 1990 and $740,000 in fiscal 1991.

2. House Bill 165 establishes fees for registration of off-road vehicles. Revenue from the fees is to be deposited in the motor vehicle recording account which, by House Bill 744 discussed below, is eliminated; as a consequence, the fees are deposited in general fund, increasing revenue by $58,000 in fiscal 1990 and $42,000 in fiscal 1991.

3. House Bill 190 increases licensing and registration fees associated with pesticide applications. As a result, general fund revenue is anticipated to increase $135,000 each year of the 1991 biennium.

4. House Bill 232 raises certain district court filing fees and establishes filing fees for a petition for legal separation and for a permit to carry a concealed weapon. In total, the changes are expected to generate $225,000 of general fund revenue annually beginning with the 1991 biennium.

5. House Bill 245 requires the issuance of new license plates beginning January 1, 1991. The $2 annual fee is anticipated to yield $860,000 in fiscal 1991.

6. House Bill 526 eliminates coal tax deposits to the alternative energy account and transfers the unobligated balance in the account at the end of fiscal 1989 to the general fund. The unobligated balance is estimated to be $398,000.

7. House Bill 394 levies a fee of $3 for provision of an individual's driving record. Revenue from the fee is forecast to total $355,000 each year of the biennium.

8. House Bill 712 makes the fees for original certificates of ownership, transfers of title, and lost certificates uniform among motor vehicles, snowmobiles, and boats. As a result of the changes, general fund revenue is anticipated to increase $1.8 million annually.

9. House Bill 739 requires the general fund deposit of the accommodations tax paid by state agencies on in-state lodging. The reallocation of this tax is expected to increase general fund revenue by $65,000 each year.

10. House Bill 744 eliminates the motor vehicle recording account from the state special revenue fund. Based on January 1, 1989 law, the de-earmarking would increase general fund revenue $4.5 million in fiscal 1990 and $4.9 million in fiscal 1991.

11. Senate Bill 78 eliminates the following state special revenue accounts: the cigarette enforcement account, the insurance regulatory account, the account for deposit of Secretary of State's filing fees, and the securities regulatory trust account. After elimination, revenue previously deposited in the accounts becomes general fund revenue. The gain from insurance taxes and fees was shown under that category. Revenue from the remaining three sources is expected to total $748,000 in fiscal 1990 and $704,000 in fiscal 1991. Offsetting the additional revenue are appropriations from the general fund, rather than state special revenue. Consequently, the changes have no effect on the general fund balance.

12. Senate Bill 241 reduces the general fund portion of the fee for filing a petition for dissolution of marriage from $75 to $40 and eliminates the general fund allocation for the fee for filing a motion for substitution of a judge. As a result, general fund revenue is forecast to fall $145,000 each year of the 1991 biennium.

13. Senate Bill 381 increases the annual attorney's license fee from $10 to $25. General fund revenue is expected to increase $37,000 each year.

PUBLIC SCHOOL FOUNDATION PROGRAM

The public school foundation and permissive program is designed to meet the constitutional mandate contained in Article X, Section 1 of the Montana Constitution that "the legislature shall provide a basic system of free quality public elementary and secondary schools." In February 1989, the Montana Supreme Court ruled that the existing system of public school funding denies the right of equal educational opportunity for Montana students as guaranteed by Article X of the constitution. In response, the legislature restructured the school funding system for fiscal 1991 and beyond by increasing the foundation program schedules, adding a guaranteed tax base component, and increasing state taxes to fund the state share of equalization aid.

The cost of the public school foundation program is determined by enrollment changes and the funding schedules adopted by the legislature. Funding is distributed through the schedules on the basis of Average Number Belonging (ANB) in each school district. Table 1 below shows the ANB count for fiscal years 1987 through 1989 and the projections used in determining the cost of the foundation program for the 1991 biennium.

Table 1
Public School Enrollment (ANB)
Fiscal Years 1986-1991

Fiscal Year	Elementary	Secondary	Total	Percent Change
1986	105,078	46,479	151,557	--
1987	103,899	46,912	150,811	(0.49)
1988	103,789	46,489	150,278	(0.35)
1989	104,386	44,932	149,318	(0.64)
- -		Projected	- -	
1990	105,415	43,825	149,240	(0.05)
1991	105,837	42,895	148,732	(0.34)

For fiscal 1990, the legislature provided a 3 percent increase in the foundation and permissive program but left the structure of the program unchanged from fiscal 1989. Revenue for equalization aid in fiscal 1990 derives from the state earmarked sources, a 45 mill statewide levy, other county revenue sources, the district share of the permissive, and an estimated $31.2 million transfer from the education trust fund. The new sources of revenue for equalization aid in fiscal 1991 are a statewide levy of 95 mills which replaces the 45 mill levy, a 5 percent surtax on the individual income and corporate license taxes, 15 percent of the earnings on the permanent coal trust, net lottery revenue, and an increase in the allocation of coal severance taxes to schools. Table 2 below shows the projected funding for the public school foundation program and the permissive over-schedule amount. While state special education funding is part of the foundation program, it is funded through a state general fund appropriation of $33.861 million per year and is not included in Table 2.

Table 2
Estimates of Public School Funding
Fiscal Years 1989 - 1991
(Millions)

		Projected	
	Fiscal 1989	Fiscal 1990	Fiscal 1991
Beginning Fund Balance	$ 1.022	$ 0.000	$ 9.638
State Equalization			
Individual Income Tax	$ 85.344	$ 89.958	$121.796
Corporation License Tax	12.861	13.882	16.794
Coal Severance Tax	9.997	2.010	5.295
U.S. Mineral Royalties	20.955	17.119	17.404
Common School I & I	32.496	33.699	34.770
Education Trust Interest	0.848	0.000	0.000
Education Trust Withdrawal	5.542	32.237	0.000
State 40 Mill Levy	--	--	60.910
Non-tax Revenue from 40 Mills	--	--	7.052
15% of Coal Trust Earnings	--	--	6.672
Net Lottery Revenue	--	--	4.550
Total State Equalization	$168.043	$188.905	$275.243
County Equalization			
45 Mill Levy	$ 87.433	$ 85.635	$ 68.523
Additional 10 Mills	--	--	15.227
Forest Funds	1.163	1.465	1.465
Taylor Grazing	0.108	0.102	0.102
HB20 Reimbursement	--	--	3.058
Miscellaneous	7.950	6.914	21.911
Elem. Transportation	(4.419)	(3.717)	(3.717)
High School Tuition	(0.759)	(0.838)	(0.838)
Total County Equalization	$ 91.476	$ 89.561	$105.731
District Share of Permissive	$ 18.880	$ 18.252	$ 0.000
Total Non-General Fund	$279.421	$296.718	$390.612
Maximum General Fund w/o a Vote	279.421	287.080	346.606
Guaranteed Tax Base - State Cost	--	--	28.461
Ending Fund Balance	$ 0.000	$ 9.638	$ 15.545

Legislation Affecting the Foundation Program

Table 3 shows the fiscal impact of legislation affecting the revenue sources to the public school equalization account.

Table 3
Legislation Affecting Public School Foundation Program Revenue
1991 Biennium

Legislation		Revenue Source	Fiscal 1990	Fiscal 1991
Regular Session				
HB 35	1 1/2 Ton Trucks Moved to Class 8	Property Tax	$ -0-	$ (16,000)
HB 90	Exempts Tack Equipment from Taxation	Property Tax	(16,800)	(16,800)
HB 415	Exempts First $15,000 of Hand-held Tools	Property Tax	(240,500)	(240,500)
HB 766	Malting Barley Facilities Moved to Class 4	Property Tax	(7,000)	(7,000)
SB 379	1-Ton Trucks Taxed at 2 Percent of Value	Property Tax	(22,900)	(45,800)
Special Session I				
HB 6	Appropriates Education Trust Balance to Schools	Education Trust Principal	32,237,000	-0-
			(1,564,000)	(1,652,900)
HB 28	Transfers Net Lottery Revenue to Schools	Lottery Revenue	-0-	4,550,000
	Eliminates the 10-Mill Permissive Levy	Property Tax/Miscellaneous	-0-	(18,289,000)
	Increases the Statewide Levy by 50 Mills	Property Tax/Miscellaneous	-0-	81,189,000
	Imposes a Flat Tax on Oil, Gas, and Coal	Property Tax/Miscellaneous	-0-	(2,894,000)
	Reallocates Coal Severance Tax to Schools	Coal Severance Tax	-0-	3,562,000
		Education Trust Interest		(178,100)
	Increases/Reallocates Individual Income Tax	Individual Income Tax	4,895,300	31,325,900
	Increases/Reallocates Corporate License Tax	Corporate License Tax	-0-	1,701,000
	Allocates 15% of Coal Trust Interest to Schools	Coal Trust Interest	-0-	6,672,900
HB 20	Combines Classes 8, 9, and 10 at 9% Tax Rate	Property Tax	-0-	(2,953,000)
	Adjustment of Tax Rate on Railroads	Property Tax	-0-	(260,800)
	Reimburses Districts for Tax Loss	Property Tax	-0-	3,213,800
Total Impact on Public School Equalization Account			$35,281,100	$105,660,700

House Bill 6 (Special Session I) increased the foundation program schedules by 3 percent for fiscal 1990. The cost of the program is projected to grow from $279.5 million in fiscal 1989 to $287.1 million in fiscal 1990 assuming a .05

percent decline in enrollment. House Bill 6 appropriates the earmarked sources of school revenue, any money remaining in the education trust fund as of June 30, 1989, and any money accruing to the trust fund as of June 30, 1990 to fund state equalization aid to public schools. The ending fund balance of the education trust is estimated to be $28.2 million for fiscal 1989, which includes the reversion of $19.1 million remaining unspent from the 1989 biennial appropriation to the foundation program. The funds available from the fiscal 1989 fund balance and the fiscal 1990 coal tax allocation to the education trust fund are estimated to total $32.2 million. No general fund is appropriated for state equalization aid in fiscal 1990.

House Bill 28 (Special Session I) increases fiscal 1991 equalization aid to schools by an estimated $95.7 million above the fiscal 1989 funding level. From fiscal 1989 to fiscal 1991, the foundation schedules increase by 17.3 percent for elementary districts with fewer than 301 ANB, 27.9 percent for elementary districts with 301 or more ANB, and 25.2 percent for all high school districts. The foundation schedules of the largest elementary districts increase by 9 percent compounded on the 17.3 percent increase given to other elementary districts. High school foundation schedules increase by 7.9 percent more than the increase given to smaller elementary districts. The rationale for the greater increases given to high school and larger elementary districts is that, historically, these districts have been more reliant on the voted levy than smaller elementary districts. The existing permissive program, which gives districts the option to fund the last 20 percent of the foundation schedules, is eliminated by House Bill 28, and statute now requires and provides for the full funding of the schedules. These increases in the foundation program from fiscal 1989 to fiscal 1991 are projected to cost $67.2 million.

House Bill 28 provides a guaranteed mill value per student for all retirement and permissive general fund levies. The legislation guarantees that each mill levied by a district will raise the same amount per ANB as one mill levied statewide raises per ANB. If a district's mill value is less than the statewide mill value then equalization aid will be provided to make up the difference. The state cost of the guaranteed mill value is estimated to be $28.5 million for fiscal 1991. The estimated statewide mill values for tax year 1990 are $18.84 for elementary ANB and $46.48 for high school ANB.

Under the new legislation, general fund budgets are composed of the foundation amount, the permissive over-schedule amount, and the voted amount. The permissive over-schedule component allows school boards to impose levies to fund general fund budgets up to 135 percent of the foundation amount. Any mills levied to fund general fund budgets above 135 percent of the schedules must be approved by the district voters. Permissive levies are covered by the guaranteed tax base, but voted levies are not. District general fund expenditures are capped at the greater of 135 percent of the foundation amount or 104 percent of the district's general fund budget for the previous school year. Public Law 81-874 (federal impact aid) may be spent in excess of the budget caps.

Retirement fund expenditures are funded by a county retirement levy which is backed by the guaranteed mill value. At the county level, the state guarantees that each mill levied by the county will raise the same amount per ANB as one mill levied statewide. Net lottery revenues which had been used to offset county retirement levies are allocated to the state equalization account under House Bill 28. The comprehensive insurance fund is incorporated into the district general fund and the provision for a district insurance levy is eliminated. The legislature did not change the structure for funding transportation, capital outlay, debt service, or tuition.

The level of the guaranteed mill value per ANB is certified each year by the Office of Public Instruction and is determined by the statewide taxable valuation, including the computed taxable value of oil, natural gas, and coal production, the statewide ANB count, and the level of non-tax revenue available. The formula used to compute the state, county, and district mill value per ANB is:

$$\frac{\text{(Taxable Valuation + (Non-Tax Revenue/ \# District Mills) * 1000) / 1000}}{\text{Average Number Belonging}}$$

Taxable valuation is the taxable valuation of all property as certified by the Department of Revenue. The process of dividing each district's non-tax revenue by its mill levy and multiplying by 1000 converts non-tax revenue into a taxable valuation. Public Law 81-874 funds are not included in the conversion of district non-tax revenue to taxable valuation. The taxable valuation of property and non-tax revenue in each district is summed in order to calculate the statewide taxable valuation. The sum is then divided by 1000 and by the total average number belonging to calculate the state mill value per ANB.

Legislative committees evaluated the various funding options by looking at the percentage of fiscal 1988 expenditures funded by the proposed foundation schedules. The fiscal 1991 foundation program, including special education, is estimated to cover 82.3 percent of fiscal 1988 district general fund and comprehensive insurance expenditures, including those expenditures paid by Public Law 81-874 funds. If school spending for current operations remained constant from fiscal 1988 to fiscal 1991, state funding would cover approximately 78 percent of current operating expenditures for the fiscal 1991 school year. State funding provided approximately 55 percent of current operations for fiscal 1988. Current operating expenditures include general fund, retirement, transportation, and insurance expenditures, but do not include capital outlay, debt service, and bus reserve. Given that inflation will occur between fiscal years 1988 and 1991, the local share of school funding will increase with a greater reliance on district revenues, and the state share will decrease. It is expected that the state share of school funding in fiscal 1991 will be less than 78 percent.

The degree of equalization provided by the new school funding system is greater than the percentage of state funding. Equalized revenues are those revenues that are equally available to all districts. Foundation revenues are 100 percent equalized because each county will levy 95 mills (55 county mills and 40 state mills) and be guaranteed that the levy will generate the foundation amount for its districts. The guaranteed tax base provides equalized revenue on each mill levied up to the level of the statewide mill value. Both the state and the local revenues used to reach the guaranteed mill value are considered equalized revenue. Based on fiscal 1988 expenditure data, the equalized revenues provided under House Bill 28 represent approximately 86 percent of total school revenue for current operations. With inflation and increases in district voted levies, the percentage of equalized revenue will fall. In fiscal 1988, equalized revenues accounted for 59 percent of total revenues for current school operations.

House Bill 28 appropriates $20,000 from the state general fund to the Legislative Council for the legislative oversight committee on school funding. The bill also appropriates $500,000 general fund to develop telecommunications networks in Montana, with $300,000 of this amount to be used for education network implementation if a 50 percent match in funds or equipment is available from other sources.

STATE EMPLOYEE COMPENSATION

House Bill 786 establishes compensation levels for classified state employees during the 1991 biennium consistent with negotiated settlements. While the size of the increases varies with the grade level and the matrix on which the position is classified, salary increases averaged approximately 2.9 percent for each year of the 1991 biennium. In addition, employees receive a $15 increase in the state's monthly contribution for group insurance in fiscal 1990 and an additional $20 increase in fiscal 1991. Total compensation increases an average of 3.4 percent in fiscal 1990 and 3.6 percent in fiscal 1991. Discussion and tables later in this section outline increases granted employees covered by the various pay schedules. House Bill 786 appropriates a total of $17,590,344 general fund and $16,466,250 all other funds for compensation increases. From the total general fund appropriation, $362,728 is allocated to the individual legislative agencies, $3,681,616 to the Office of the Commissioner of Higher Education, and $13,546,000 to the Office of Budget and Program Planning for funding compensation increases in the remaining state agencies. No money is appropriated in House Bill 786 for salary increases for Montana university system contract faculty.

The pay matrices in House Bill 786 are those reached in negotiations with collective bargaining units representing the majority of organized state employees. For employees whose positions are classified on the statewide matrix, salary increases each year of the 1991 biennium are equal to $560 or 2.5 percent, whichever is greater. An employee whose position is classified as grade 5, step 2 would receive a salary increase of 5.0 percent in fiscal 1990, compared with 2.5 percent for the occupant of a position classified as grade 15. With the exception of new employees and institutional teachers, state employees remain at the step they occupied at the end of fiscal 1989. New employees advance from step 1 to step 2 after successfully completing six months of probationary service. Institutional teachers advance three steps in fiscal 1990 compared with their steps on June 30, 1989. Also, the Department of Administration may establish criteria allowing adjustments in pay or classification to mitigate recruitment and retention problems for registered nurses and other occupations. For those covered by collective bargaining agreements, implementation of the adjustments is negotiable.

Finally, House Bill 786 establishes a committee on state employee compensation. The committee consists of nine members, seven appointed by the Governor, of which two must represent employee organizations, one appointed by the President of the Senate, and one appointed by the Speaker of the House of Representatives. Duties of the committee include:

1. examine policies governing state employee compensation in Montana;
2. study compensation policies of other comparable governmental and private sector entities;
3. identify problems with the state employee compensation system and options for resolving these problems; and
4. report its findings, recommendations, and any proposed legislation to the Governor and the 52nd Legislature.

In addition to the appropriations for compensation increases, House Bill 786 contains a $90,000 general fund appropriation to the Department of Administration for expenses incurred by the committee.

Pay Plan Matrices

Compensation of state employees covered by the pay plan is determined in one of four pay schedules: the statewide classification pay schedule, the institutional teachers' pay schedule, the liquor store occupations pay schedule, and the blue-collar pay schedule.

1. Statewide Classification Pay Schedule

Approximately 8,470 executive branch FTE hold positions classified on the statewide classification pay schedule. Covering more employees than any of the other schedules, this pay matrix contains 25 grades with 13 steps. Positions are classified by grade levels according to the duties and responsibilities required in each; higher grade classifications correspond with higher salaries.

Tables 1 and 2 show the annual salary, including the state's insurance contribution, of employees covered by the statewide classification pay schedules in fiscal years 1990 and 1991, respectively. The following two tables, Tables 3 and 4, show the percent increases in compensation each year of the biennium.

Table 1
Fiscal 1990 Statewide Classification Compensation Matrix
Includes Insurance Contribution
(Dollars)

Grade	Step 1	2	3	4	5	6	7	8	9	10	11	12	13
1	10,132	10,839	11,041	11,247	11,457	11,671	11,890	12,113	12,340	12,572	12,809	13,050	13,542
2	10,614	11,357	11,569	11,786	12,007	12,232	12,462	12,696	12,935	13,179	13,428	13,682	14,200
3	11,138	11,921	12,145	12,373	12,606	12,843	13,085	13,332	13,584	13,841	14,103	14,370	14,915
4	11,711	12,537	12,773	13,014	13,259	13,509	13,764	14,024	14,290	14,561	14,837	15,119	15,694
5	12,343	13,216	13,466	13,721	13,981	14,246	14,516	14,792	15,073	15,360	15,652	15,950	16,558
6	13,035	13,960	14,224	14,494	14,769	15,050	15,336	15,628	15,926	16,230	16,540	16,856	17,501
7	13,802	14,785	15,066	15,353	15,645	15,943	16,247	16,557	16,873	17,196	17,525	17,861	18,546
8	14,629	15,674	15,973	16,278	16,589	16,906	17,229	17,559	17,895	18,238	18,588	18,945	19,673
9	15,547	16,662	16,980	17,305	17,636	17,974	18,319	18,671	19,030	19,396	19,769	20,150	20,926
10	16,553	17,743	18,083	18,430	18,784	19,145	19,513	19,888	20,271	20,662	21,060	21,466	22,295
11	17,652	18,925	19,289	19,660	20,038	20,424	20,818	21,220	21,630	22,048	22,474	22,909	23,796
12	18,868	20,233	20,623	21,021	21,427	21,841	22,263	22,693	23,132	23,580	24,037	24,503	25,477
13	20,204	21,669	22,088	22,515	22,951	23,395	23,848	24,310	24,788	25,281	25,783	26,295	27,341
14	21,880	23,471	23,926	24,390	24,872	25,366	25,870	26,384	26,909	27,444	27,991	28,547	29,683
15	23,625	25,369	25,873	26,388	26,912	27,447	27,994	28,550	29,118	29,697	30,289	30,891	32,121
16	25,613	27,529	28,077	28,635	29,205	29,786	30,379	30,984	31,601	32,230	32,872	33,527	34,862
17	27,787	29,867	30,462	31,069	31,687	32,317	32,961	33,617	34,286	34,969	35,665	36,375	37,825
18	30,190	32,451	33,097	33,756	34,429	35,114	35,813	36,527	37,255	37,997	38,754	39,526	41,101
19	32,831	35,291	35,994	36,710	37,441	38,187	38,948	39,724	40,515	41,323	42,146	42,986	42,986
20	35,714	38,391	39,156	39,936	40,731	41,543	42,371	43,216	44,077	44,955	45,851	45,851	45,851
21	38,885	41,802	42,635	43,485	44,352	45,236	46,138	47,058	47,996	48,953	48,953	48,953	48,953
22	42,366	45,544	46,452	47,379	48,324	49,287	50,270	51,273	52,295	52,295	52,295	52,295	52,295
23	46,174	49,639	50,629	51,638	52,669	53,719	54,790	55,883	55,883	55,883	55,883	55,883	55,883
24	50,358	54,137	55,218	56,320	57,443	58,589	59,757	59,757	59,757	59,757	59,757	59,757	59,757
25	54,953	59,079	60,258	61,460	62,686	63,936	63,936	63,936	63,936	63,936	63,936	63,936	63,936

Table 2
Fiscal 1991 Statewide Classification Compensation Matrix
Includes Insurance Contribution
(Dollars)

Grade	Step 1	2	3	4	5	6	7	8	9	10	11	12	13
1	10,932	11,639	11,841	12,047	12,257	12,471	12,690	12,913	13,140	13,372	13,609	13,850	14,342
2	11,414	12,157	12,369	12,586	12,807	13,032	13,262	13,496	13,735	13,979	14,228	14,482	15,000
3	11,938	12,721	12,945	13,173	13,406	13,643	13,885	14,132	14,384	14,641	14,903	15,170	15,715
4	12,511	13,337	13,573	13,814	14,059	14,309	14,564	14,824	15,090	15,361	15,637	15,919	16,494
5	13,143	14,016	14,266	14,521	14,781	15,046	15,316	15,592	15,873	16,160	16,452	16,750	17,358
6	13,835	14,760	15,024	15,294	15,569	15,850	16,136	16,428	16,726	17,030	17,340	17,656	18,301
7	14,602	15,585	15,866	16,153	16,445	16,743	17,047	17,357	17,673	17,996	18,325	18,661	19,346
8	15,429	16,474	16,773	17,078	17,389	17,706	18,029	18,359	18,695	19,038	19,388	19,745	20,473
9	16,347	17,462	17,780	18,105	18,436	18,774	19,119	19,471	19,830	20,196	20,569	20,950	21,726
10	17,353	18,543	18,883	19,230	19,584	19,945	20,313	20,688	21,071	21,462	21,860	22,266	23,095
11	18,452	19,725	20,089	20,460	20,838	21,224	21,618	22,020	22,430	22,848	23,274	23,709	24,596
12	19,668	21,033	21,423	21,821	22,227	22,641	23,063	23,493	23,932	24,380	24,839	25,317	26,315
13	21,004	22,469	22,888	23,315	23,751	24,195	24,648	25,119	25,609	26,114	26,629	27,153	28,226
14	22,680	24,271	24,726	25,201	25,695	26,201	26,718	27,245	27,783	28,331	28,892	29,462	30,626
15	24,425	26,204	26,721	27,249	27,786	28,334	28,895	29,465	30,047	30,640	31,247	31,864	33,125
16	26,454	28,418	28,980	29,552	30,136	30,732	31,339	31,960	32,592	33,237	33,895	34,566	35,935
17	28,683	30,815	31,425	32,047	32,680	33,326	33,986	34,658	35,344	36,044	36,758	37,485	38,972
18	31,146	33,463	34,125	34,801	35,491	36,193	36,909	37,641	38,387	39,148	39,924	40,715	42,330
19	33,853	36,374	37,095	37,829	38,578	39,343	40,123	40,918	41,729	42,557	43,401	44,262	44,262
20	36,808	39,552	40,336	41,135	41,950	42,783	43,631	44,497	45,380	46,280	47,198	47,198	47,198
21	40,058	43,048	43,902	44,773	45,662	46,568	47,492	48,435	49,397	50,378	50,378	50,378	50,378
22	43,626	46,884	47,814	48,764	49,733	50,720	51,728	52,756	53,803	53,803	53,803	53,803	53,803
23	47,529	51,081	52,096	53,130	54,187	55,263	56,361	57,481	57,481	57,481	57,481	57,481	57,481
24	51,818	55,691	56,799	57,929	59,080	60,255	61,452	61,452	61,452	61,452	61,452	61,452	61,452
25	56,528	60,757	61,965	63,198	64,454	65,735	65,735	65,735	65,735	65,735	65,735	65,735	65,735

Table 3
Statewide Classification Compensation Matrix
Percent Increase for Employees
Between Fiscal 1989 and 1991

Grade	Step 1	2	3	4	5	6	7	8	9	10	11	12	13
1	7.88	7.33	7.18	7.04	6.90	6.77	6.64	6.51	6.38	6.25	6.13	6.01	5.78
2	7.49	6.97	6.83	6.70	6.57	6.44	6.31	6.19	6.07	5.95	5.83	5.72	5.50
3	7.12	6.62	6.49	6.36	6.24	6.11	5.99	5.88	5.76	5.65	5.54	5.43	5.22
4	6.75	6.27	6.15	6.03	5.91	5.80	5.68	5.57	5.46	5.35	5.25	5.15	4.95
5	6.38	5.93	5.81	5.70	5.59	5.48	5.37	5.27	5.16	5.06	4.96	4.87	4.68
6	6.02	5.60	5.49	5.38	5.27	5.17	5.07	4.97	4.87	4.78	4.68	4.59	4.42
7	5.66	5.27	5.17	5.06	4.96	4.87	4.77	4.68	4.59	4.50	4.41	4.32	4.16
8	5.33	4.96	4.86	4.76	4.67	4.58	4.49	4.40	4.31	4.23	4.15	4.06	3.91
9	5.00	4.65	4.56	4.47	4.38	4.29	4.21	4.13	4.05	3.97	3.89	3.81	3.67
10	4.68	4.35	4.27	4.18	4.10	4.02	3.94	3.86	3.79	3.71	3.64	3.57	3.43
11	4.38	4.07	3.99	3.91	3.83	3.76	3.69	3.61	3.54	3.47	3.40	3.34	3.21
12	4.08	3.80	3.72	3.65	3.58	3.51	3.44	3.37	3.30	3.24	3.18	3.11	3.09
13	3.80	3.54	3.47	3.40	3.33	3.27	3.20	3.14	3.11	3.10	3.08	3.07	3.05
14	3.50	3.26	3.19	3.13	3.10	3.09	3.08	3.07	3.06	3.05	3.04	3.02	3.01
15	3.23	3.09	3.08	3.07	3.06	3.04	3.04	3.02	3.01	3.00	3.00	2.98	2.97
16	3.09	3.04	3.03	3.02	3.01	3.00	2.99	2.98	2.98	2.96	2.96	2.95	2.93
17	3.04	3.00	2.99	2.98	2.97	2.96	2.95	2.95	2.94	2.93	2.92	2.91	2.90
18	3.00	2.96	2.95	2.94	2.93	2.93	2.92	2.91	2.90	2.89	2.89	2.88	2.86
19	2.96	2.93	2.92	2.91	2.90	2.89	2.88	2.88	2.87	2.86	2.86	2.85	2.85
20	2.92	2.89	2.88	2.87	2.87	2.86	2.85	2.85	2.84	2.83	2.83	2.83	2.83
21	2.88	2.86	2.85	2.85	2.84	2.83	2.83	2.82	2.82	2.81	2.81	2.81	2.81
22	2.85	2.83	2.82	2.82	2.81	2.80	2.80	2.79	2.79	2.79	2.79	2.79	2.79
23	2.82	2.80	2.80	2.79	2.78	2.78	2.77	2.77	2.77	2.77	2.77	2.77	2.77
24	2.80	2.78	2.77	2.77	2.76	2.76	2.75	2.75	2.75	2.75	2.75	2.75	2.75
25	2.77	2.75	2.75	2.74	2.74	2.73	2.73	2.73	2.73	2.73	2.73	2.73	2.73

Table 4
Statewide Classification Compensation Matrix
Percent Increase for Employees
Between Fiscal 1990 and 1991

Grade	Step 1	2	3	4	5	6	7	8	9	10	11	12	13
1	7.90	7.38	7.25	7.11	6.98	6.85	6.73	6.60	6.48	6.36	6.25	6.13	5.91
2	7.54	7.04	6.92	6.79	6.66	6.54	6.42	6.30	6.18	6.07	5.96	5.85	5.63
3	7.18	6.71	6.59	6.47	6.35	6.23	6.11	6.00	5.89	5.78	5.67	5.57	5.36
4	6.83	6.38	6.26	6.15	6.03	5.92	5.81	5.70	5.60	5.49	5.39	5.29	5.10
5	6.48	6.05	5.94	5.83	5.72	5.62	5.51	5.41	5.31	5.21	5.11	5.02	4.83
6	6.14	5.73	5.62	5.52	5.42	5.32	5.22	5.12	5.02	4.93	4.84	4.75	4.57
7	5.80	5.41	5.31	5.21	5.11	5.02	4.92	4.83	4.74	4.65	4.56	4.48	4.31
8	5.47	5.10	5.01	4.91	4.82	4.73	4.64	4.56	4.47	4.39	4.30	4.22	4.07
9	5.15	4.80	4.71	4.62	4.54	4.45	4.37	4.28	4.20	4.12	4.05	3.97	3.82
10	4.83	4.51	4.42	4.34	4.26	4.18	4.10	4.02	3.95	3.87	3.80	3.73	3.59
11	4.53	4.23	4.15	4.07	3.99	3.92	3.84	3.77	3.70	3.63	3.56	3.49	3.36
12	4.24	3.95	3.88	3.81	3.73	3.66	3.59	3.52	3.46	3.39	3.34	3.32	3.29
13	3.96	3.69	3.62	3.55	3.49	3.42	3.35	3.33	3.31	3.29	3.28	3.26	3.24
14	3.66	3.41	3.34	3.33	3.31	3.29	3.28	3.26	3.25	3.23	3.22	3.21	3.18
15	3.39	3.29	3.28	3.26	3.25	3.23	3.22	3.20	3.19	3.18	3.16	3.15	3.13
16	3.28	3.23	3.22	3.20	3.19	3.18	3.16	3.15	3.14	3.12	3.11	3.10	3.08
17	3.22	3.17	3.16	3.15	3.13	3.12	3.11	3.10	3.09	3.07	3.06	3.05	3.03
18	3.17	3.12	3.11	3.10	3.08	3.07	3.05	3.05	3.04	3.03	3.02	3.01	2.99
19	3.11	3.07	3.06	3.05	3.04	3.03	3.02	3.01	3.00	2.99	2.98	2.97	2.97
20	3.06	3.02	3.01	3.00	2.99	2.98	2.97	2.96	2.96	2.95	2.94	2.94	2.94
21	3.02	2.98	2.97	2.96	2.95	2.94	2.93	2.93	2.92	2.91	2.91	2.91	2.91
22	2.97	2.94	2.93	2.92	2.92	2.91	2.90	2.89	2.88	2.88	2.88	2.88	2.88
23	2.93	2.90	2.90	2.89	2.88	2.87	2.87	2.86	2.86	2.86	2.86	2.86	2.86
24	2.90	2.87	2.86	2.86	2.85	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84
25	2.87	2.84	2.83	2.83	2.82	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81

2. Institutional Teachers Pay Schedule

Teachers employed by the state's institutions and the Department of Family Services such as the Montana Developmental Center and Pine Hills School are covered by the institutional teachers' pay schedule. Approximately 46 FTE fall under the schedule. There are different compensation schedules for teachers with nine and twelve months contracts. As Tables 5 and 6 indicate, a teacher's salary is dependent on years of experience and educational attainment. In fiscal 1990, teachers advance three steps in the matrix.

Table 5
Fiscal 1990 Twelve Months Institutional Teachers' Compensation Matrix
Includes Insurance Contribution
(Dollars)

	Education Level					
Step	BA	BA+1	BA+2	BA+3	MA	MA+1
1	21,228	21,870	22,529	22,850	23,173	23,832
2	21,983	22,699	23,416	23,775	24,134	24,859
3	22,738	23,529	24,302	24,706	25,110	25,905
4	23,494	24,362	25,206	25,652	26,097	26,949
5	24,247	25,206	26,115	26,598	27,084	27,995
6	25,016	26,060	27,027	27,548	28,071	29,041
7	25,786	26,908	27,934	28,496	29,056	30,083
8	26,561	27,760	28,847	29,446	30,045	31,127
9	27,335	28,610	29,756	30,392	31,033	32,172
10	28,108	29,464	30,664	31,340	32,018	33,218
11	28,884	30,286	31,571	32,288	33,005	34,260
12	28,884	30,286	31,571	32,288	33,005	34,260
13	28,884	30,286	31,571	32,288	33,005	34,260

Table 6
Fiscal 1991 Twelve Months Institutional Teachers' Compensation Matrix
Includes Insurance Contribution
(Dollars)

Step	Education Level					
	BA	BA+1	BA+2	BA+3	MA	MA+1
1	22,028	22,670	23,329	23,650	23,973	24,632
2	22,783	23,499	24,216	24,575	24,938	25,681
3	23,538	24,329	25,111	25,525	25,939	26,754
4	24,294	25,172	26,037	26,494	26,950	27,824
5	25,054	26,037	26,969	27,464	27,962	28,896
6	25,842	26,913	27,904	28,438	28,974	29,968
7	26,632	27,782	28,833	29,409	29,983	31,036
8	27,426	28,655	29,769	30,383	30,997	32,106
9	28,219	29,526	30,701	31,353	32,010	33,177
10	29,012	30,402	31,632	32,325	33,019	34,249
11	29,807	31,244	32,561	33,296	34,031	35,318
12	29,807	31,244	32,561	33,296	34,031	35,318
13	29,807	31,244	32,561	33,296	34,031	35,318

3. Liquor Store Occupations Pay Schedules

The pay schedule for liquor store occupations contains eight grades and one step at each grade level. The approximately 109 FTE covered by the pay schedule are classified into grades based on the (bottle) volume of sales in the liquor store where the employee works.

Table 7
Fiscal 1990 and 1991 Liquor Store Occupations Hourly Pay Matrices
Includes Insurance Contribution
(Dollars)

Grade	Fiscal 1990	Fiscal 1991
L1	0.000	0.000
L2	8.040	8.425
L3	8.540	8.925
L4	8.820	9.205
L5	9.110	9.495
L6	9.720	10.105
L7	10.380	10.765
L8	11.130	11.515

4. Blue Collar Pay Schedule

Approximately 811 FTE hold positions classified on the blue-collar pay schedule. As Table 8 shows, this matrix contains 13 grades each with one step.

Table 8
Fiscal 1990 and 1991 Blue-Collar Hourly Compensation Matrices
Includes Insurance Contribution
(Dollars)

Grade	Fiscal 1990	Fiscal 1991
B1	8.51	8.90
B2	8.91	9.30
B3	9.31	9.70
B4	9.71	10.10
B5	10.11	10.50
B6	10.51	10.90
B7	10.91	11.30
B8	11.31	11.70
B9	11.71	12.10
B10	12.11	12.50
B11	12.51	12.90
B12	12.91	13.30
B00	13.31	13.70

Elected and Appointed Officials

Also included in House Bill 786 are 2.5 percent annual increases in the salaries of certain elected and appointed state officials. Senate Bill 196 increases the salaries of the chief and associate justices of the supreme court. Table 9 shows the fiscal 1990 and 1991 salaries of the officials affected by House Bill 786 and Senate Bill 196.

Table 9
Salaries of Elected and Appointed Officials
Fiscal Years 1990 and 1991

	Fiscal 1990	Fiscal 1991
Governor	$51,713	$53,006
Lieutenant Governor	37,044	37,970
Chief Justice of the Supreme Court	54,722	57,722
Justices of the Supreme Court, each	53,452	56,452
District Court Judges	52,178	55,178
Attorney General	47,166	48,345
State Auditor	34,176	35,030
Superintendent of Public Instruction	40,664	41,681
Public Service Commission Chairman	38,297	39,254
Public Service Commissioners, other than chairman	37,044	37,970
Secretary of State	34,176	35,030
Clerk of the Supreme Court	33,211	34,041

With the exception of salaries for supreme court justices and district court judges, the salaries of other officials listed in Table 9 will increase 2.5 percent annually. The salary of the chief justice is scheduled to rise 5.8 percent in fiscal 1990 and 5.5 percent in fiscal 1991, while those of the associate justices increase 5.9 percent in fiscal 1990 and 5.6 percent in fiscal 1991. Salaries of district court judges rise 6.1 percent in fiscal 1990 and 5.7 percent in fiscal 1991.

Members of the legislature are entitled to a salary equal to that of a Grade 8, Step 2 FTE for those days during which the legislature is in session. Legislators may serve for no salary. Thus, the salary of each legislator, except the President of the Senate and the Speaker of the House, will be $56.43 per day for the 1991 session, compared with $52.13 for the 1989 session. Both the president and the speaker receive an additional $5.00 per day. The per diem reimbursement rate remains at $50.00 per day.

LONG-RANGE BUILDING PROGRAM

House Bill 777 appropriates $27,202,903 for construction projects, major maintenance, and land acquisition. Building construction projects are supervised by the Architecture and Engineering Division of the Department of Administration. Projects involving dams are supervised by the Department of Natural Resources. Appropriations for land acquisition are made directly to the Highway Department and the Department of Fish, Wildlife, and Parks. Table 1 lists all projects approved in House Bill 777 by agency and funding source.

Table 1
Capital Construction Program

	Capital Projects Fund	State Special Revenue	Federal Special Revenue	Bond Proceeds	Other Funds	Total Appropriations
DEPARTMENT OF ADMINISTRATION						
Hazardous Material Abatement, Statewide	$ 200,000					$ 200,000
Maintain Water Towers, Statewide	450,000					450,000
Total Department of Administration	$ 650,000					$ 650,000
DEPARTMENT OF AGRICULTURE						
Remodel Grain Laboratory, Great Falls		$ 45,500				$ 45,500
DEPARTMENT OF EDUCATION						
Roof Repair, Academic Bldg. - Sch. for Deaf and Blind	$ 10,000					$ 10,000
DEPARTMENT OF FAMILY SERVICES						
Repair Roof, Custer Lodge - Pine Hills School	$ 155,000					$ 155,000
DEPARTMENT OF FISH, WILDLIFE, AND PARKS						
Fishing Access Sites Acquisition - Statewide		$ 525,755				$ 525,755
Fishing Access Sites Improvements - Statewide		183,000	$ 549,000			732,000
Waterfowl Habitat Enhancement - Statewide		424,500				424,500
Wildlife Habitat Acquisition - Statewide		5,226,400				5,226,400
Bighorn Sheep Habitat Acquisition - Statewide		211,600				211,600
Construct Region 7 Headquarters - Miles City				$ 950,000		950,000
Construct Region 2 Headquarters Storage - Missoula		25,920				25,920
Hatchery Construct./Renov. - Anaconda, Arlee, & Lewistown				2,592,800		2,592,800
Boat Facilities - Statewide		54,923	163,770			218,693
State Park Maintenance and Development - Statewide		1,181,500	1,137,500			2,319,000
State Property Improvements - Statewide		165,037				165,037
East Gallatin Park - Bozeman		100,000				100,000
Lake Elmo Improvements	150,000	150,000				300,000
Engineering Study - Bearpaw Dam, Havre		25,000	75,000			100,000
Clearwater Fish Barrier Renovation/Removal - Seeley Lake		25,000	75,000			100,000
Dam Inspection - Statewide		30,000				30,000
River Restoration - Statewide		168,000				168,000
Total Department of Fish, Wildlife, and Parks	$ 150,000	$8,496,635	$2,000,270	$3,542,800		$14,189,705

Table 1 - Continued

	Capital Projects Fund	State Special Revenue	Federal Special Revenue	Bond Proceeds	Other Funds	Total Appropriations
DEPARTMENT OF HIGHWAYS						
Maintenance Projects - Statewide		$ 750,000				$ 750,000
Maintenance Section, Headquarters Complex - Bridger		140,460				140,460
Construct Sandhouses - Statewide		118,800				118,800
Headquarters Renovation - Glendive		72,480				72,480
Construct Equipment Storage Additions - Statewide		419,480				419,480
Land Acquisition - Kalispell		80,000				80,000
Total Department of Highways		$1,581,220				$ 1,581,220
DEPARTMENT OF INSTITUTIONS						
Construct Low Security Housing Unit - MT State Prison	$1,184,600					$ 1,184,600
Bldg. Modification/Exterior Lighting - Center for Aged	45,396					45,396
Roof Replace./Repair - MT State Hosp. and MT Devel. Ctr.	352,500					352,500
Boiler Room Water Softeners - Galen	45,000					45,000
Supplemental, Cottages 16A, B and C - MT Devel. Center	289,900					289,900
Replace Floor Coverings - Galen	20,000					20,000
Correct Code Deficiencies - Galen	15,000					15,000
Remodel Unit 57 for Women's Corrections Center	45,000					45,000
Ranch Supervisor Housing Units - Prison Ranch					$135,000	135,000
Tin Cup Joe Irrigation System - Prison Ranch					200,000	200,000
Inspect, Study, and Renovate Dams - Prison Ranch					110,000	110,000
Total Department of Institutions	$1,997,396				$445,000	$ 2,442,396
DEPARTMENT OF LABOR AND INDUSTRY						
Power Supply Project, Worker's Compens. - Helena		26,000				$ 26,000
Replace Heat/Air Cond., Major Maint. - Helena Job Svc.			$ 53,600			53,600
Repair Settling Damage - Great Falls Job Service			50,000			50,000
Replace Heating Unit - Missoula Job Service			50,000			50,000
Construct/Purchase - Butte Job Service			211,000			211,000
Parking Lot construction - Havre Job Service			10,000			10,000
Basement Renovation - Bozeman Job Service			100,000			100,000
Total Department of Labor and Industry		$ 26,000	$ 474,600			$ 500,600
DEPARTMENT OF STATE LANDS						
Interagency Fire Center and Hangar - Helena			$ 54,800			$ 54,800
Nursery Freezer and Cooler - Missoula		$ 24,000				24,000
Nursery Shop Building - Missoula		101,000				101,000
Nursery Storage Building - Missoula		22,000				22,000
Maintenance and Improvement Projects - Statewide	$ 34,200					34,200
Total Department of State Lands	$ 34,200	$ 147,000	$ 54,800			$ 236,000

Table 1 - Continued

	Capital Projects Fund	State Special Revenue	Federal Special Revenue	Bond Proceeds	Other Funds	Total Appropriations
DEPARTMENT OF MILITARY AFFAIRS						
Construct M-1 Tank Bays - Statewide	$ 30,000		$1,340,000			$ 1,370,000
Remodel Missoula Armory/Study Armories - Statewide	12,000		80,000			92,000
Construct Livingston Armory	500,800		798,000			1,298,800
Federal Spending Authority			689,597			689,597
Total Department of Military Affairs	$ 542,800		$2,907,597			$ 3,450,397
DEPARTMENT OF NATURAL RESOURCES						
Oil and Gas Division Building Addition - Billings		$ 116,950				$ 116,950
DEPARTMENT OF REVENUE						
Repair Liquor Warehouse Roof - Helena					$ 170,000	$ 170,000
MONTANA UNIVERSITY SYSTEM						
Replace Carpet, Admin. Building - Missoula Vo-Tech	$ 80,000					$ 80,000
Replace Roofs, UM, MSU, EMC, and Ag. Exper. Stations	473,120					473,120
Electrical Distribution System, Phase 2 - MSU	1,153,355				$ 524,871	1,678,226
Water Main Maintenance - University of Montana	130,000					130,000
Doors and Vestibules - Western Montana College	14,000					14,000
Retrofit Windows, Engineering Hall - Montana Tech	132,750					132,750
Miscellaneous Projects - University of Montana					217,039	217,039
Centennial Mall - Montana State University					650,000	650,000
Replace Roof, P.E. Bldg - Western Montana College				230,000		230,000
Plan Student Union Remodeling - Western MT College				50,000		50,000
Total University System	$1,983,225			$ 280,000	$1,391,910	$ 3,655,135
TOTAL HOUSE BILL 777	**$5,522,621**	**$10,413,305**	**$5,437,267**	**$3,822,800**	**$2,096,910**	**$27,292,903**

Table 1 shows that appropriations to the Department of Fish, Wildlife and Parks total $14.19 million, over one half the total appropriation in House Bill 777. Major appropriations to the department are: 1) $0.95 million for a new headquarters at Miles City; 2) $2.59 million for fish hatcheries; 3) $5.23 million for wildlife habitat acquisition; and 4) $2.32 million for state park maintenance. House Bill 777 authorizes the sale of $3.54 million in general obligation bonds to be repaid by Fish, Wildlife, and Parks revenue. The projects for which bonds are sold are listed with the funding source in the Bond Proceeds column.

Language in House Bill 777 concerning the $2.3 million appropriation for the state parks program requires that: 1) the $150,000 appropriation for Lake Elmo improvements be matched equally by local funds; 2) at least $330,000 be spent on Canyon Ferry and $80,000 on Lewis and Clark caverns; and 3) no more than $500,000 be spent on Makoshika Park as part of the "Model Parks Program." The appropriation for parks also includes $168,000 in gas tax revenues.

Major appropriations for projects within other agencies are: 1) $1.18 million for a 96 bed low security housing unit at Montana State Prison; 2) $1.68 million for Phase II of Montana State University's electrical distribution system; 3) $1.37 million to the Department of Military Affairs for six M-1 tank bays; and 4) $1.3 million for a National Guard Armory at Livingston.

Capital Projects Fund

The Capital Projects Fund shown in Table 1 finances what is usually referred to as the state's "Cash Building Program." Funding available for the cash building program is increased by $1.1 million during the 1991 biennium by the transfer of unspent bond proceeds from $1.4 million in general obligation bonds sold in 1985 to finance a swimming pool at Western Montana College. The swimming pool was not constructed because Western lacked the financial resources to repay the bonds. House Bill 777 appropriates $280,000 of the bond proceeds for two projects at Western and transfers the remaining balance to the Capital Projects Fund from which it is appropriated for other projects.

Another bill enacted by the 1989 legislature which affects the Capital Projects Fund is House Bill 202 which increases the state tax on cigarettes from 16 to 18 cents to finance construction of a state-operated nursing home for veterans. The percentage of cigarette tax allocated to the Capital Projects Fund is increased from 20.25 percent to 29.11 percent which applies the entire 2 cent increase to the Capitol Projects Fund. The bill appropriates $30,000 from the Capital Projects Fund to the Department of Military Affairs for a study to determine the facility's location, and appropriates $1,991,897 for the state's share of construction costs. Federal spending authority of $3,699,237 is also appropriated for construction of the facility.

Based on the 1991 biennium estimated volume of cigarette sales adopted by the legislature in House Joint Resolution 13, House Bill 202 will raise approximately $2.355 million in additional revenue which will be deposited in the Capital Projects Fund. However, the bill appropriates only $2.022 million from the account. Therefore, House Bill 202 will increase the fund's ending balance by approximately $333,000. Table 2 shows the fund's estimated revenue, appropriated expenditures, and estimated ending balance adjusted for the effects of House Bill 202.

Table 2
Long-Range Building Cash Account Revenues and Expenditures
1991 Biennium as Adjusted for House Bill 202

Estimated Beginning Balance		$2,220,424*
Revenues		
29.11% Cigarette Tax**	$6,934,829	
Interest Earnings	466,053	
Supervisory Fees	175,000	
Deferred Payments	20,000	
Total Revenues		$7,595,882
Funds Available		$9,816,306
Expenditures		
HB 100 Architecture Division Operations		$1,138,051
HB 202 State Veteran's Home		2,021,897
HB 777 Capital Projects		5,522,621
HB 786 (Pay Plan)		44,181
Total Expenditures		$8,726,750
Estimated Ending Balance		$1,089,556

* Includes $1.1 million in unspent bond proceeds transferred from Western Montana College's swimming pool bonds.
**Based on cigarette sales volume as per HJR 13; additional cigarette tax revenues and tax allocation changes authorized in House Bill 202 occurring November 1, 1989.

Table 2 shows an estimated ending balance of $1,089,556. If cigarette sales volume is less than that estimated in House Joint Resolution 13, the ending balance will be reduced.

Other Bills Which Involve Construction and Renovation are:

1. House Bill 547 authorizes the establishment of a State Veteran's Nursing Home, not to exceed 100 beds, in eastern Montana. Coordination instructions within the bill permit the appropriations of state and federal revenue in House Bill 202 to be used for planning and constructing the facility.

2. House Bill 750 creates a state Building Energy Conservation Program administered by the Department of Natural Resources; authorizes the sale of $3 million in general obligation bonds and authorizes the expenditure of $1,904,934 for energy conservation projects on state-owned buildings during the 1991 biennium. The bill's statement of intent requires that, "the estimated annual energy savings to be derived from the installation of the energy savings improvements are expected to equal or exceed the annual debt service to be paid on the bonds." The department will request the sale of bonds in the second year of the biennium, thereby delaying the first bond payment until the 1993 biennium. (See narrative on House Bill 563.) Table 3 lists the energy conservation projects authorized by the 1989 legislature.

Table 3
Authorized Energy Conservation Projects 1991 Biennium

Facility	Cost
Montana State Hospital, Warm Springs	$ 801,146
Montana State Hospital, Galen	853,788
Center for the Aged	125,000
School for the Deaf and Blind	125,000
Total	$1,904,934

3. House Bill 789 accepts as a gift to the state the Power-Tobin Mansion in Helena, Montana. The Power-Tobin family offered the facility to the state conditional upon its use as the official residence of the Governor or Lieutenant Governor for the next 25 years. A Governor's Centennial Mansion Council was authorized to develop an overall restoration plan for the mansion, to accept gifts, and to approve alterations of the structure. The bill authorizes the raising and expenditure of up to $1 million in private funds, and authorizes the sale of the existing Governor's mansion by the Board of Land Commissioners.

OIL OVERCHARGE

House Bill 563 appropriates $3,220,000 in oil overcharge monies for energy conservation projects and programs. Oil overcharge monies result from federal court action requiring certain domestic crude oil producers to repay previous charges in violation of federal oil price and allocation controls between 1973 and 1981. The allocation to each state is based upon its consumption of petroleum products from September 1973 to January 1981. Table 1 lists the projects authorized in House Bill 563 and the agency responsible for the projects/programs.

Table 1
House Bill 563 - Oil Overcharge Projects
1991 Biennium

Project	Agency	Amount
Attorney's Fees	Justice Department	$ 35,000
Low Income Home Weatherization	Social & Rehabilitation Services	900,000
Low Income Energy Assistance	Social & Rehabilitation Services	100,000
Biological Weed Control	Department of Agriculture	150,000
Toole County Transloading Facility	Department of Commerce	300,000
State Building Energy Bond Program	Department of Natural Resources	550,000
Local Government Technical Assistance	Department of Natural Resources	235,000
Institutional Conservation Program	Department of Natural Resources	950,000
Total		$3,220,000

The attorney's fees appropriated to the State Department of Justice are to cover contracted legal fees already incurred by the state in the recovery of oil overcharge payments.

The appropriation for Low Income Home Weatherization will assist families who are below 125 percent of the federal poverty level in weatherization of their homes. Program activities include insulating, caulking, and storm windows. The funding appropriated in House Bill 563 will supplement the $4,775,476 appropriation in House Bill 100 for the same purpose.

The appropriation for Low Income Energy Assistance provides fuel cost assistance to persons who are ineligible for federal low-income energy assistance, but whose income is less than 150 percent of the federal poverty level. This appropriation will be used to match private contributions to Energy Share, Inc.

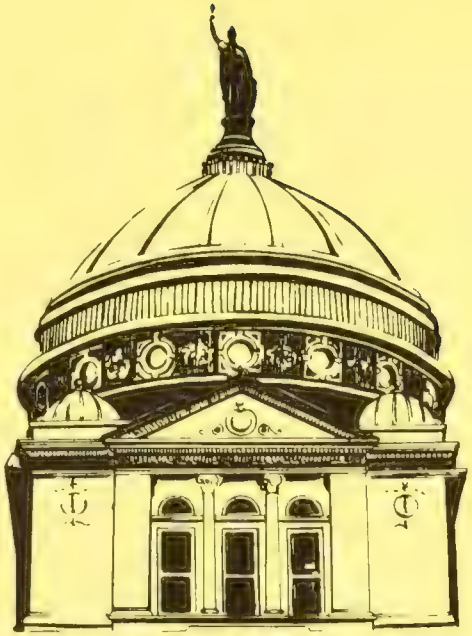
The appropriation for Biological Weed Control is intended to continue the collection and distribution of biological agents to control leafy spurge and spotted knapweed. The project will reduce energy consumption by reducing the need for repeated chemical applications.

The appropriation for the transloading facility will fund a grant to Toole County for a truck/train transloading facility. The 1987 legislature in House Bill 621 appropriated $2.1 million in oil overcharge monies for a grant to a local government for construction of a demonstration transloading facility. The grant was to be awarded primarily on the basis of simple pay back in energy savings. Toole County's proposal was ranked second, and was not funded during the 1989 biennium.

The appropriation for a State Building Energy Bond Program is linked to House Bill 750, which authorizes the sale of general obligation bonds to finance retrofitting of state-owned buildings. The statement of intent in House Bill 750 requires that the energy savings resulting from the retrofitting of state buildings be adequate to make the bond payments. The appropriation in House Bill 563 will be used to do preliminary planning and study to identify cost-effective energy retrofit opportunities in state-owned buildings. The use of oil overcharge monies to do the preliminary work will permit the actual sale of bonds to be delayed, thereby assuring that the first bond payment is not due until energy savings are actually realized.

The appropriation for Local Assistance Grants will continue the program designed to assist local governments in identifying energy conservation measures in their jurisdictions.

The appropriation for the Institutional Conservation Program will provide funding for energy conservation to schools and hospitals. Because the appropriations in House Bill 563 are ranked in priority order, the appropriation for Institutional Conservation will be reduced if oil overcharge monies are insufficient to fund all appropriations in House Bill 563.



LEGISLATIVE, JUDICIAL & ADMINISTRATIVE



LEGISLATIVE ACTION

AGENCY: LEGISLATIVE AUDITOR

PROGRAM: LEGISLATIVE AUDITOR

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	60.00	61.00	60.00	(1.00)	61.00	60.00	(1.00)	0.00
Personal Services	$1,632,779	$1,763,850	$1,794,847	$30,997	$1,769,463	$1,856,168	$86,705	9.93
Operating Expenses	281,433	305,924	305,924	0	282,057	282,057	0	8.70
Equipment	91,438	34,332	34,332	0	32,727	32,727	0	(62.45)
Non-Operating	1,366	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$2,007,016	$2,104,106	$2,135,103	$30,997	$2,084,247	$2,170,952	$86,705	6.38
FUNDING								
General Fund	$1,054,723	$1,053,098	$1,084,103	$31,005	$1,032,611	$1,119,316	$86,705	2.79
State Special Rev	952,293	1,051,008	1,051,000	(8)	1,051,636	1,051,636	0	10.37
TOTAL FUNDING	$2,007,016	$2,104,106	$2,135,103	$30,997	$2,084,247	$2,170,952	$86,705	6.38

Program Description: The Office of the Legislative Auditor, established in 1967, is governed by the Legislative Audit Act contained in Title 5, Chapter 13, MCA. Article V, Section 10(4) of the Montana Constitution mandates a legislative post-audit function.

The agency is functionally divided into three areas: 1) Operations and EDP Auditing; 2) Financial-Compliance Auditing; and 3) Performance Auditing. The Financial-Compliance group conducts biennial audits of all state agencies, a biennial federal single audit, and an annual financial audit of the state's financial statements. Areas of emphasis include compliance with state laws and appropriations and review of control systems over assets and payments. The Performance group conducts audits of state agencies to determine program effectiveness and efficiency and compliance with established laws, rules, goals, and objectives. EDP Auditing evaluates data processing controls as part of financial-compliance and performance audits.

Legislative Intent: The Lottery Consulting Services modified budget is a biennial appropriation contingent upon the State Lottery implementing an automated LOTTO-type game.

Budget: The budget provides for a 6.4 percent increase from fiscal 1988 to 1990, due primarily to an actual vacancy savings rate in fiscal 1988 of 8 percent as compared to no vacancy savings budgeted in the 1991 biennium, and the pay plan increase. Operating expenses increase 8.7 percent due to approval of a $16,000 lottery consulting services modified discussed below and for an increase of $6,800 in travel costs, which are up due to the timing of the audit schedule. Equipment included in the budget is for the purchase of components toward automation of the audit process.

Program Expansions:

1. Lottery Consulting Services - A $16,000 biennial modified appropriation (state special revenue) was approved to hire consultants to assist in the completion of the biennial Lottery Security Audit if the State Lottery implements an automated LOTTO-type game.

Funding: The agency is funded from two sources. General fund is appropriated to the agency for performance audits, financial audits, contract audits, legislative requests, and administration of the agency. Revenues from fees charged to audited agencies are placed in a state special revenue account, and are used to fund the costs of the audits.

The Legislative Auditor submitted to the Office of Budget and Program Planning (OBPP) the audit cost estimates of $2,250,880 which were included in agency budgets. This includes approximately $153,750 for contract audits which are paid directly to the contractor by the agencies. Examples of these audits include the Community Colleges, the Board of Housing, and the Lottery financial and observation audits. The estimates include the costs for completing a financial-compliance audit of every agency audited by the Legislative Auditor and an allocation of the annual statewide audit cost. Audit cost estimates remain the same as last biennium for three audits, decrease for 14 audits, and increase for 40 audits. The office allocated 50 percent of the costs of completing the statewide audit to the agencies in the audit cost estimates. The Legislative Auditor's general fund includes the remaining 50 percent. This amount is reimbursed to the state general fund through the collection of a percentage of the bond proceeds.

Difference From Executive: The legislature added $52,426 in fiscal 1990 and $109,735 in fiscal 1991 for the pay plan. This increase was partially offset by the disapproval of a modified request for an additional EDP auditor that was included in the executive budget.

AGENCY: LEGISLATIVE FISCAL ANALYST

LEGISLATIVE ACTION

PROGRAM: ANALYSIS AND REVIEW

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	17.50	18.00	19.00	1.00	18.00	19.00	1.00	1.50
Personal Services	$603,092	$624,298	$693,306	$69,008	$624,178	$711,041	$86,863	14.96
Operating Expenses	132,404	144,844	153,109	8,265	163,199	169,664	6,465	15.64
Equipment	21,376	19,844	18,044	(1,800)	20,297	20,297	0	(15.59)
TOTAL EXPENSES	$756,872	$788,986	$864,459	$75,473	$807,674	$901,002	$93,328	14.21
FUNDING								
General Fund	$756,872	$788,986	$864,459	$75,473	$807,674	$901,002	$93,328	14.21

Program Description: The Office of the Legislative Fiscal Analyst (LFA) was established in 1974 to provide concentrated fiscal analysis of state government and to accumulate, compile, analyze, and furnish such information that might bear upon financial matters of the state and that might be relevant to issues of policy and questions of statewide importance. Governing legislation is the Legislative Finance Act, Title 5, Chapter 12, MCA, which also established the Legislative Finance Committee. The major functions of the LFA staff are conducting analyses of budget requests, agency operations, and revenue to provide the legislature with an independent analysis of the executive budget and the executive branch's execution of legislative intent.

Budget: The budget provides for a 14.2 percent increase from fiscal 1988 to fiscal 1990, primarily due to four program expansions totalling $58,984 in fiscal 1990, funding for a post-secondary education study, and the pay plan increase. Other differences were offsetting, including the removal of the one-time costs of the university funding study and increases for vacancy savings in fiscal 1988 and for the difference between the amount of the 1989 biennium biennial consulting appropriation expended in fiscal 1988 and the full amount of the 1991 biennium biennial appropriation shown in fiscal 1990.

Personal services increase a net 15.0 percent after partially offsetting adjustments including: 1) vacancy savings in fiscal 1988 as compared to no vacancy savings budgeted in the 1991 biennium; 2) approved modified increases for the addition of a 0.50 FTE intern analyst at a biennial cost of $12,675 and an increase in legislative committee meeting days at a biennial cost of $8,600; 3) a decrease due to removal of $25,400 one-time costs in fiscal 1988 for the university funding study, offset by an increase of $25,000 per year in the 1991 biennium for a follow-up post-secondary education study; and 4) the pay plan increase.

Operating expenses increase a net 15.6 percent after partially offsetting adjustments including: 1) approval of modifieds for an increase of $5,000 in legislative committee travel and $15,365 in data processing costs; 2) the difference between the amount of the 1989 biennium biennial consulting appropriation expended in fiscal 1988 ($6,200 of $20,000) and the full amount of the 1991 biennium biennial appropriation shown in fiscal 1990 ($20,000); 3) a $4,000 increase in computer maintenance costs; 4) a $12,500 reduction in contracted services that were for the one-time K-12 education study in fiscal 1988; 5) a reduction of $13,100 for the one-time costs of the university funding study partially offset by an increase of $6,465 per year in the 1991 biennium for costs of the post-secondary education study; and 6) the addition of $2,165 for WordPerfect software and a computer maintenance contract as part of Program Expansion #2. Fiscal 1991 operating expenses are higher due to added costs of a session year.

Equipment includes $15,544 in fiscal 1990 and $17,797 in fiscal 1991 for computer equipment replacement approved as a modified and $2,500 each fiscal year for office equipment replacement.

Program Expansions: The following modified requests were approved:

1. Committee Meeting Days - A biennial appropriation of $13,600 for legislative committee salaries and travel for additional meeting days will bring the number of meetings back to 1987 biennium levels.

2. Data Processing Equipment - An appropriation of $17,709 in fiscal 1990 and $18,162 in fiscal 1991 will provide for replacement of 7 computer work stations and a printer that will need replacement in the 1991 biennium, plus software upgrades.

3. Data Processing Mainframe Time - A biennial appropriation of $15,000 will allow mainframe data processing charges for special interim studies.

4. Intern Analyst - A biennial appropriation of $12,675 will add a 0.50 FTE intern analyst to research and compile historical expenditure, revenue, and personnel position information for all state agencies for better response to legislative requests and improved budget analysis data.

Funding: The Office of the Legislative Fiscal Analyst is funded entirely by general fund.

Other Legislation:

1. House Bill 354 - Post-Secondary Education Study - The legislature approved a biennial appropriation of the balance remaining from the University Funding Study conducted in the 1989 biennium for a follow-up study of post-secondary education. The amount of the appropriation will be approximately $62,930, and is shown in the main table split equally between fiscal years for comparison purposes. The study is to include an examination of the governance and funding of post-secondary education, duplication of functions and programs among institutions, policy questions concerning "priority of access" versus "excellence", and the development and implementation of uniform personnel and classroom enrollment systems for the institutions. The study is to be coordinated by the Legislative Fiscal Analyst in conjunction with the Commissioner of Higher Education and with the participation of the Office of Budget and Program Planning.

Difference From Executive: The increase over the executive budget is due to the elimination of vacancy savings of $24,607 in fiscal 1990 and $23,808 in fiscal 1991, the pay plan increase of $18,550 in fiscal 1990 and $38,055 in fiscal 1991, plus the addition of $31,465 per year for the post-secondary funding study.

LEGISLATIVE ACTION

AGENCY: LEGISLATIVE COUNCIL — PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	44.70	43.70	43.70	0.00	53.70	53.70	0.00	(1.00)
Personal Services	$1,162,023	$1,372,847	$1,320,578	$ (52,269)	$1,483,694	$1,506,987	$ 23,293	13.64
Operating Expenses	737,982	1,579,479	1,429,355	(150,124)	616,488	600,188	(16,300)	93.68
Equipment	9,118	87,300	87,300	0	85,700	85,700	0	857.45
TOTAL EXPENSES	$1,909,123	$3,039,626	$2,837,233	$(202,393)	$2,185,882	$2,192,875	$ 6,993	48.61
FUNDING								
General Fund	$1,483,372	$2,340,591	$2,138,198	$(202,393)	$2,185,882	$2,192,875	$ 6,993	44.14
State Special Rev	416,490	699,035	699,035	0	0	0	0	67.84
Federal Revenue	9,261	0	0	0	0	0	0	(100.00)
TOTAL FUNDING	$1,909,123	$3,039,626	$2,837,233	$(202,393)	$2,185,882	$2,192,875	$ 6,993	48.61

Program Description: The Legislative Council provides a variety of support services to the legislature. Council staff work under the general supervision of an eight-member bipartisan committee composed of four members of the House of Representatives and four members of the Senate. Council services include: bill drafting, clerical preparation of bills for introduction using automated equipment, and the engrossing and enrolling of bills; printing and distribution of legislative proceedings, session laws, and journals of the House and Senate, and the preparation of indexes to the same; provision of legislative research and reference services; legal counseling for the legislature; business management services; committee staffing; provision of interim investigation authority; service as the agency of interstate cooperation; preparation and publication of the Montana Code Annotated statute text and Annotations; review of the text of proposed ballot measures; review of proposed administrative rules; provision of information about the legislature to the public; operation of the legislative intern program; and other services as assigned by the legislature.

The council was established in 1957. Principal statutory authority is found in Title 5, Chapters 5 and 11, and Title 1, Chapter 11, MCA.

Budget: The table above shows a 48.6 percent increase from fiscal 1988 to 1990, but this is somewhat misleading since the fiscal 1990 figure includes over $1 million in biennial appropriations. When comparing the 1989 biennium to the 1991 biennium, the Legislative Council shows an agency increase of 15.0 percent. The biennial increase is due to an increase

of 19 percent, or $638,000, for the biennium in the Council Operations Program and an increase of 35 percent, or $98,000, for the biennium in the Interim Studies and Conferences Program. These increases are partially offset by a decrease of 11 percent, or $88,000, for the biennium in the Reimbursable Activities Program. The differences between bienniums are further discussed in the program narratives.

Funding: The Legislative Council Operations Program is supported entirely by general fund, and the Interim Studies and Conferences Program is general fund supported with the exception of the funding for the Coal Tax Subcommittee, which is funded by coal tax revenues in a state special revenue account. The Reimbursable Activities Program is funded by revenues in a state special revenue account from the sale of reimbursable items, including the Montana Code Annotated.

LEGISLATIVE ACTION

AGENCY: LEGISLATIVE COUNCIL — PROGRAM: LEGISLATIVE COUNCIL OPERATIONS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	42.70	41.70	41.70	0.00	51.70	51.70	0.00	(1.00)
Personal Services	$1,140,706	$1,295,559	$1,267,780	$(27,779)	$1,483,694	$1,506,987	$ 23,293	11.14
Operating Expenses	234,942	429,823	417,123	(12,700)	616,488	600,188	(16,300)	77.54
Equipment	9,056	85,700	85,700	0	85,700	85,700	0	846.33
TOTAL EXPENSES	$1,384,704	$1,811,082	$1,770,603	$(40,479)	$2,185,882	$2,192,875	$ 6,993	27.87
FUNDING								
General Fund	$1,384,704	$1,811,082	$1,770,603	$(40,479)	$2,185,882	$2,192,875	$ 6,993	27.87

Program Description: The Legislative Council Program provides for overall policy direction of the agency through the Legislative Council. The program also provides the personnel required to support the programs and activities of the agency, including an executive director and such other personnel necessary to assist in the preparation of proposed legislative acts, standing and select committee and subcommittee reports and recommendations, and to carry out other council activities.

Budget: The budget provides for a 27.9 percent increase from fiscal 1988 to 1990, primarily due to vacancy savings in fiscal 1988, the pay plan increase, increased data processing costs in fiscal 1990, and the purchase of data processing equipment.

Personal services increase primarily due to the pay plan increase and an actual vacancy savings rate of 11.3 percent in fiscal 1988 as compared to no vacancy savings budgeted in the 1991 biennium. The high vacancy savings in fiscal 1988 was a result of a reduced level of interim activity in the biennium that is not expected to continue. The increase was partially offset by the elimination of 1.00 FTE at the agency's request, to reduce permanent staff to 41.70 FTE. In session years, the fiscal 1989 appropriation was 52.45 FTE, but a 0.50 FTE session bill drafter was dropped and a 0.75 FTE personal computer coordinator was added. These adjustments, along with the reduction of 1.00 permanent FTE, reduces the session year FTE total to 51.70.

Operating expenses increase 77.5 percent due primarily to the following increases in fiscal 1990 over fiscal 1988 levels:

1) Increased data processing costs due to a larger database, more terminals, and an upgrade of the current ALTER system to the TextDBMS text processing system, $99,000 ($54,000 in fiscal 1991).

2) Purchase of legal reference material databases, $12,000 per year.

3) Travel increases to return to a normal year of activity (1987 biennium levels), $28,000 ($17,400 in fiscal 1991).

4) Computer contract maintenance increases, $29,000 ($20,600 in fiscal 1991).

The equipment proposal includes $4,000 for office equipment and $81,700 for data processing equipment and software. The additional equipment will be used to extend the office automation environment to all council employees needing it and to maintain and upgrade the system.

Funding: The Legislative Council Operations Program is funded entirely from general fund.

Difference From Executive: The legislature approved increases of $38,221 in fiscal 1990 and $89,293 in fiscal 1991 for the pay plan, and made reductions of $66,000 per year for promotions and upgrades, plus reductions of $12,700 in fiscal 1990 and $16,300 in fiscal 1991 for travel/registration fee costs.

LEGISLATIVE ACTION

AGENCY: LEGISLATIVE COUNCIL — PROGRAM: INTERIM STUDIES & CONFERENCES

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	2.00	2.00	2.00	0.00	2.00	2.00	0.00	0.00
Personal Services	$ 21,317	$ 77,288	$ 52,798	$ (24,490)	$0	$0	$0	147.68
Operating Expenses	90,791	464,221	326,797	(137,424)	0	0	0	259.94
TOTAL EXPENSES	$112,108	$541,509	$379,595	$(161,914)	$0	$0	$0	238.60
FUNDING								
General Fund	$ 98,668	$529,509	$367,595	$(161,914)	$0	$0	$0	272.56
State Special Rev	4,179	12,000	12,000	0	0	0	0	187.15
Federal Revenue	9,261	0	0	0	0	0	0	(100.00)
TOTAL FUNDING	$112,108	$541,509	$379,595	$(161,914)	$0	$0	$0	238.60

Program Description: The Interim Studies and Conferences Program exists to process and monitor the expenditures of the various legislative interim committees and conferences.

Legislative Intent: The legislative allowed the Legislative Council to approve transfers of funds between the categories shown in Table 4. Such transfers may not exceed 15 percent of the amount in each item.

Budget: The budget for interim studies and conferences includes funding for studies by interim committees established by the legislature under Sections 5-5-202 through 5-5-217, MCA; other interim committees established by permanent law; and interstate cooperation organizations in which the legislature has been a participant. Appropriations in this budget are biennial. Amounts shown for the previous biennium include all ad hoc appropriations for interim legislative activities managed or supported by the Legislative Council and its staff.

The interim committee budgets are, for the most part, designed to provide the following costs of operating a committee study: member travel and salary costs, committee printing and postage costs, consultant costs, and any other costs incidental to a particular study. Money for staff personal services is not included.

Table 1 provides a budget comparison by type of function/committee of the 1989 biennium appropriation, the 1991 biennium agency/executive request, legislative adjustments, and the 1991 biennium budget. All individual activities are

line-itemed, although language is included in House Bill 100 specifically authorizing the Legislative Council to approve transfers between activities of up to 15 percent of the amount in each item. Dues for the National Conference of State Legislatures and the Council of State Governments is appropriated at 75 percent of the assessments made by the associations. This compares to an appropriation of 50 percent of the proposed assessment in the 1989 biennium.

Table 1
Interim Studies and Conferences
1989 Biennium Appropriation/Agency Request/Adjustments/1991 Biennium Appropriation

Interim Standing or Temporary Committees	1989 Biennium	Agency Request	Adjustments	1991 Biennium
FTE	2.00	2.00	0.00	2.00
Joint Interim Committees	$ 20,000	$ 75,000	$ (29,400)	$ 45,600
Statewide Issues (5-11-105(1))	20,000	25,000	(15,000)	10,000
Legislative Reorg. and Improvement Committee (LRIC)	50,000	-0-	-0-	-0-
Committee on Indian Affairs	4,500	7,000	(1,000)	6,000
Districting and Apportionment Commission	-0-	6,287	-0-	6,287
Subtotal	$ 94,500	$113,287	$ (45,400)	$ 67,887
Permanent Statutory Committees				
Revenue Oversight Committee	$ 30,000	$ 30,000	$ -0-	$ 30,000
Coal Tax Oversight Subcommittee	12,000	12,000	-0-	12,000
Administrative Code Committee	14,000	14,025	(25)	14,000
Capitol Building and Planning	-0-	7,000	(7,000)	-0-
Interstate Cooperation				
National Conference of State Legislatures				
Salary	N/A	$ 13,512	$ (3,378)	$ 10,134
Dues	46,422	102,289	(25,572)	76,717
Travel	15,000	43,800	(10,950)	32,850
Council of State Governments				
Salary	N/A	13,512	$ (3,378)	10,134
Dues	40,900	88,700	(22,175)	66,525
Travel	15,000	43,800	(10,950)	32,850
Five-State Biennial Conference	4,100	16,498	-0-	16,498
MT-Western Canadian Boundary Committee	2,000	6,000	(4,000)	2,000
Forestry Task Force	8,000	37,086	(29,086)	8,000
Total Expenditures	$281,922	$541,509	$(161,914)	$379,595
Funding				
General Fund	$234,922	$529,509	$(161,914)	$367,595
State Special Revenue	12,000	12,000	-0-	12,000
Other Special Revenue	35,000	-0-	-0-	-0-
Total Funding	$281,922	$541,509	$(161,914)	$379,595

Funding: All interim studies and conference activities are funded by the general fund with the exception of the Coal Tax Oversight Subcommittee, which is funded by coal tax revenues in a state special revenue account.

Other Legislation:

1. House Bill 54 - Committee on Indian Affairs creates a statutory legislative Committee on Indian Affairs, and provides funding of $6,000 general fund for the 1991 biennium to enable enhancement of Indian/non-Indian communications, relations, and cooperation.

Difference From Executive: The legislative adjustments to the executive budget (same as agency request) were as shown in the adjustments column, Table 1.

LEGISLATIVE ACTION

AGENCY: LEGISLATIVE COUNCIL

PROGRAM: REIMBURSABLE ACTIVITIES

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	$412,249	$685,435	$685,435	$0	$0	$0	$0	66.27
Equipment	62	1,600	1,600	0	0	0	0	2,480.65
TOTAL EXPENSES	$412,311	$687,035	$687,035	$0	$0	$0	$0	66.63
FUNDING								
State Special Rev	$412,311	$687,035	$687,035	$0	$0	$0	$0	66.63

Program Description: The Reimbursable Activities (formerly titled Montana Code Annotated) Program supports the publication and distribution of the Montana Code Annotated Statute Text, Annotations, and ancillary publications issued under Sections 1-11-301 and 1-11-303, MCA, and supports the provision of reimbursable services provided by the council office.

Budget: The budget is as the agency requested. The entire amount is a biennial appropriation, so that a comparison between fiscal 1988 actual expenditures and the fiscal 1990 appropriation must consider that fiscal 1988 is a one year versus a two-year appropriation in fiscal 1990. When comparing 1989 biennium totals to the 1991 biennium budget, there is a budget reduction of $88,000 in the 1991 biennium. An equipment budget of $1,600 is included to allow for the replacement of a heavy duty printer should that be necessary.

Funding: The program is funded by a state special revenue account, which receives revenue from sales of the Montana Code Annotated at prices set by the Legislative Council, as well as receipt of other revenues, including those from copying fees charged to the general public and data processing charges for state agencies and members of the public.

Difference From Executive: The approved budget is as presented in the executive budget.

LEGISLATIVE ACTION

AGENCY: CONSUMER COUNSEL

PROGRAM: ADMINISTRATIVE PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	4.25	4.25	4.25	0.00	4.25	4.25	0.00	0.00
Personal Services	$181,893	$184,568	$189,722	$5,154	$185,017	$195,868	$10,851	4.30
Operating Expenses	460,945	575,490	575,490	0	591,194	591,194	0	24.85
Equipment	2,106	3,845	3,845	0	1,260	1,260	0	82.57
Non-Operating Costs	0	100,000	100,000		100,000	100,000		
TOTAL EXPENSES	$644,944	$863,903	$869,057	$5,154	$877,471	$888,322	$10,851	34.75
FUNDING								
State Special Rev	$644,944	$863,903	$869,057	$5,154	$877,471	$888,322	$10,851	34.75

Program Description: The Office of the Consumer Counsel was created by Article XIII, Section 2 of the Montana Constitution of 1972. The office is governed by Title V, Chapter 15, MCA and by Title 69, Chapters 1 and 2, MCA. The Consumer Counsel is charged with the duty of "representing consumer interests in hearings before the Public Service Commission or any other successor agency." The Consumer Counsel also may initiate, intervene in, or otherwise participate in appropriate proceedings in the state and federal courts and in proceedings before federal administrative agencies on behalf of the consuming public in Montana.

Legislative Intent: Language was approved that designates the non-operating costs of $100,000 per year for expert witness fees for unanticipated cases.

Budget: The 1991 biennium budget for the Montana Consumer Counsel consists of a base appropriation for normal operating costs and a contingency appropriation of $100,000 each fiscal year for costs of expert consultants associated with an unanticipated caseload increase.

The table above indicates a total 34.8 percent increase from fiscal 1988 to fiscal 1990 because in fiscal 1988 the agency expended only 76 percent of the total amount appropriated. This was due to several major cases being postponed which were scheduled in fiscal year 1988. A comparison between the amounts appropriated for the 1989 and 1991 bienniums would show only a 4 percent increase, which is entirely attributable to contract services for expert witnesses and legal fees and the pay plan increases. The agency anticipates a normal case workload in the 1991 biennium.

The equipment budget is for phone equipment being purchased through contract, a modem to assist computer communication through the mainframe to other agencies, a FAX machine to enhance capabilities of sending and receiving written information from consultants, and office equipment.

Non-operating expenses are a contingency for expert witness fees for unanticipated caseload, and are line-itemed.

Funding: The sole funding source for the Office of the Consumer Counsel is a tax levied on all regulated entities under the Public Service Commission's jurisdiction (gas, electric, telephone, water and sewer utilities, motor carriers, and railroads). The tax is collected by the Department of Revenue. The tax rate can be adjusted quarterly, if necessary, to adjust for a cash carryover from the previous fiscal year. The crediting of any cash balance to the next fiscal year prevents the accrual of significant cash balances. For the 1989 biennium, the tax has been at $.70 per $1,000 of the regulated entities' gross operating revenue.

Difference From Executive: The only adjustments made by the legislature to the executive budget (same as original agency request) were to add $5,154 in fiscal 1990 and $10,851 in fiscal 1991 for the pay plan.

LEGISLATIVE ACTION

AGENCY: ENVIRONMENTAL QUALITY COUNCIL

PROGRAM: ENVIRONMENTAL QUALITY PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	6.25	6.25	6.25	0.00	6.25	6.25	0.00	0.00
Personal Services	$172,428	$176,945	$185,831	$ 8,886	$177,227	$191,909	$14,682	7.77
Operating Expenses	44,165	58,836	61,336	2,500	55,245	57,745	2,500	38.88
Equipment	485	3,000	3,000	0	3,000	3,000	0	518.56
TOTAL EXPENSES	$217,078	$238,781	$250,167	$11,386	$235,472	$252,654	$17,182	15.24
FUNDING								
General Fund	$217,078	$238,781	$250,167	$11,386	$235,472	$252,654	$17,182	15.24

Program Description: The Environmental Quality Council was created in 1971 by the Montana Environmental Policy Act (MEPA). As an arm of the legislature, the EQC is charged with implementing the provisions of MEPA with numerous other statutory duties, as well as completing projects that are assigned to it by the legislature. The EQC reviews the policies and programs of Montana state agencies that are concerned with environmental matters and natural resource development and conservation. The council researches and analyzes environmental trends and problems and recommends ways to improve the state's natural, social, and economic environments. It assists the legislature with natural resource legislation, and staffs the natural resources standing committees and the Water Policy Committee.

Budget: The budget provides for a 15.2 percent increase from fiscal 1988 to 1990, primarily because of reduced activity in fiscal 1988 due to curtailment of the subdivision study and the pay plan increase. When comparing the 1989 biennium to the 1991 biennium, the increase is less than 5 percent. Fiscal 1990 is expected to be a more normal year.

Personal services increase 7.8 percent due to an actual vacancy savings rate of 4.7 percent as compared to no vacancy savings budgeted in the 1991 biennium, and the pay plan increase. Operating expenses increase 38.9 percent due to increases of $3,000 for contract services and $5,900 for travel costs because of curtailment of the subdivision study and other program reductions in fiscal 1988. An additional $2,500 was added to travel costs for a one-time expense to conduct hearings on log scaling practices and their effects on the economic health of the timber industry and timber resources. The expenditures are an increase over fiscal 1988 but are $10,000 less than the fiscal 1988 appropriation. Rent increases $5,900 as the agency did not pay rent in fiscal 1988 for office space, but was forced to move to spaces where rent is charged.

The EQC was budgeted to receive $3,000 each year of the 1989 biennium for equipment, including computers and office equipment. Because the existing equipment continued to serve the agency's needs, only a small portion of that amount was spent in fiscal 1988. The full amount will be spent in fiscal 1989 to upgrade computer equipment to be compatible with the Legislative Council network for bill drafting and report development. EQC currently relies on the Legislative Council to support its computer capabilities.

Funding: The EQC Program is funded entirely by general fund.

Difference From Executive: The legislature approved adjustments to the executive budget (same as original agency request) of $5,329 in fiscal 1990 and $11,119 in fiscal 1991 for the pay plan increase, $2,500 per year for a log scaling study, and approximately $3,500 per year added back for the elimination of vacancy savings.

LEGISLATIVE ACTION

AGENCY: ENVIRONMENTAL QUALITY COUNCIL — PROGRAM: WATER POLICY COMMITTEE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	0.25	0.25	0.25	0.00	0.25	0.25	0.00	0.00
Personal Services	$ 3,548	$ 5,280	$ 5,361	$81	$0	$164	$164	51.10
Operating Expenses	42,356	20,920	20,920	0	0	0	0	(50.61)
TOTAL EXPENSES	$45,904	$26,200	$26,281	$81	$0	$164	$164	(42.75)
FUNDING								
State Special Rev	$45,904	$26,200	$26,281	$81	$0	$164	$164	(42.75)

Program Description: The second program of the Environmental Quality Council is the operation of the Water Policy Committee, which was created statutorily by the 1985 legislature. The Water Policy Committee's duties include advising the legislature on the adequacy of the state's water policy and of important state, regional, national, and international developments relating to Montana's water resources; overseeing the policies and activities of the Department of Natural Resources and Conservation and other entities as they relate to water management; analyzing and commenting on the state water plan, the water development program, water research, and the water data management system; and reporting to the legislature each biennium.

Budget: The 1987 legislature directed the Water Policy Committee to hire a consultant to conduct an independent analysis of Montana's water rights adjudication process and appropriated $75,000 for the 1989 biennium for this purpose. The study has been completed and the budget decreases accordingly. The budget is a biennial appropriation, and after removal of the water rights adjudication study costs, the budget for the 1991 biennium is identical to that of the previous biennium in total except for the pay plan increase.

Funding: Funding for the operations of the Water Policy Committee is derived from the Resource Indemnity Trust State Special Revenue Account.

Difference From Executive: The only adjustment made by the legislature to the executive budget (same as original agency request) was for the pay plan increase.

LEGISLATIVE ACTION

AGENCY: ENVIRONMENTAL QUALITY COUNCIL — PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	6.50	6.50	6.50	0.00	6.50	6.50	0.00	0.00
Personal Services	$175,976	$182,225	$191,192	$8,967	$177,227	$192,073	$14,846	8.65
Operating Expenses	86,521	79,756	82,256	2,500	55,245	57,745	2,500	(4.93)
Equipment	485	3,000	3,000	0	3,000	3,000	0	518.56
TOTAL EXPENSES	$262,982	$264,981	$276,448	$11,467	$235,472	$252,818	$17,346	5.12
FUNDING								
General Fund	$217,078	$238,781	$250,167	$11,386	$235,472	$252,654	$17,182	15.24
State Special Rev	45,904	26,200	26,281	81	0	164	164	(42.75)
TOTAL FUNDING	$262,982	$264,981	$276,448	$11,467	$235,472	$252,818	$17,346	5.12

Program Description: The Environmental Quality Council (EQC) was created in 1971 by the Montana Environmental Policy Act (MEPA). Two programs exist within the agency. The Environmental Quality Council Program is responsible for the general EQC program and is charged to achieve the environmental quality goals established in MEPA. The Water Policy Committee is responsible for advising the legislature on state water policy, and utilizes the staff of the EQC for support.

Budget: The budget shows a 5.1 percent increase from fiscal 1988 to 1990, but the increase may be misleading due to inclusion of a biennial appropriation in fiscal 1990 for the Water Policy Committee, which compares a two-year appropriation against a one-year actual expenditure in fiscal 1988. When comparing biennium to biennium, the biennial appropriation for the Water Policy Committee operations is identical to the 1989 biennium appropriation except for the pay plan increase. The increase is also due to reduced activity in the EQC Program in fiscal 1988 as a result of curtailment of the subdivision study. The increases are partially offset by the removal of one-time state special revenue funds for a water rights adjudication study.

Funding: The Environmental Quality Council Program is funded entirely by general fund, while the Water Policy Committee operations are funded by the resource indemnity trust state special revenue account.

LEGISLATIVE ACTION

AGENCY: JUDICIARY — PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	92.50	90.50	90.50	0.00	90.50	90.50	0.00	(2.00)
Personal Services	$3,701,460	$3,693,825	$3,932,893	$ 239,068	$3,701,685	$4,136,986	$ 435,301	6.25
Operating Expenses	778,789	924,130	993,000	68,870	914,414	969,801	55,387	27.51
Equipment	271,615	236,759	320,506	83,747	211,818	234,554	22,736	18.00
Non-Operating	0	4,600	0	(4,600)	0	0	0	0.00
TOTAL EXPENSES	$4,751,864	$4,859,314	$5,246,399	$ 387,085	$4,827,917	$5,341,341	$ 513,424	10.41
FUNDING								
General Fund	$4,217,089	$4,221,443	$4,812,765	$ 591,322	$4,192,956	$4,908,111	$ 715,155	14.13
State Special Rev	467,032	637,871	433,634	(204,237)	634,961	433,230	(201,731)	(7.15)
Federal & Other Revenue	67,743	0	0	0	0	0	$0	(100.00)
TOTAL FUNDING	$4,751,864	$4,859,314	$5,246,399	$ 387,085	$4,827,917	$5,341,341	$ 513,424	10.41

Program Description: The judicial branch of state government is provided for in Article III, Section I, and Article VII of the Montana Constitution. In Section II of Article VII, the jurisdiction of the Supreme Court is defined. That jurisdiction consists of all appellate jurisdiction and original jurisdiction in petitions for writs of habeas corpus and other such writs, general supervisory control over all courts, and rule-making powers of Montana's courts.

Budget: The budget provides for a 10.4 percent increase from fiscal 1988 to 1990, and is due primarily to: 1) approval of a modified request for increases in the Clerk of the Supreme Court budget; 2) the inclusion of significantly higher estimates ($95,000 above actual fiscal 1988 expenditures) for rapid growth in usage by public and private legal entities of legal research databases such as Westlaw, offered by the State Law Library; 3) increases in the Water Courts Program over fiscal 1988 expenditures for anticipated increases in caseloads; 4) an increase in supreme court justice and district court judge salaries as approved in Senate Bill 196 by the 1989 legislature; 5) a biennial appropriation of $203,162 general fund for court system automation as approved in House Bill 320; and 6) an increase of $37,600 in spending authority for judicial training that is to be fully reimbursed by tuition fee revenues. Savings in personal services from the elimination of 2.00 temporary FTE in the Law Library and 2.00 FTE in the Water Courts Program that had been vacant for some time were largely offset by the addition of 2.00 FTE in Supreme Court Operations, position upgrades, and increases due to no vacancy savings budgeted in the 1991 biennium.

Funding: The Judiciary is funded by general fund with the exception of the Water Courts Program, which is funded by the water development state special revenue account. The decrease in state special revenue funds from fiscal 1988 to fiscal 1990 is due to the de-earmarking of the Westlaw state special revenue account in the Law Library, and the transfer of the revenues and expenditure authority to the general fund for that reimbursement activity. Federal and other funding in fiscal 1988 included $7,158 in federal funds for budget amendments in Supreme Court Operations and $60,585 in private trust funds for the State Law Library Faxnet Program.

LEGISLATIVE ACTION

AGENCY: JUDICIARY

PROGRAM: SUPREME COURT OPERATIONS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	32.00	32.00	34.00	2.00	32.00	34.00	2.00	2.00
Personal Services	$1,033,610	$1,022,986	$1,147,963	$124,977	$1,024,953	$1,207,629	$182,676	11.06
Operating Expenses	264,945	295,390	329,709	34,319	278,712	301,961	23,249	24.44
Equipment	23,925	15,000	82,868	67,868	0	16,116	16,116	246.37
Non-Operating	0	4,600	0	(4,600)	0	0	0	0.00
TOTAL EXPENSES	$1,322,480	$1,337,976	$1,560,540	$222,564	$1,303,665	$1,525,706	$222,041	18.00
FUNDING								
General Fund	$1,315,322	$1,337,976	$1,560,540	$222,564	$1,303,665	$1,525,706	$222,041	18.64
Federal Revenue	7,158	0	0	0	0	0	0	(100.00)
TOTAL FUNDING	$1,322,480	$1,337,976	$1,560,540	$222,564	$1,303,665	$1,525,706	$222,041	18.00

Program Description: The Supreme Court is the appellate court in the State of Montana. The Supreme Court also has original jurisdiction to issue, hear, and determine writs of habeas corpus and other writs as provided by law. The Supreme Court Operations Program relates specifically to the day-to-day operations of the court.

Legislative Intent: The legislature approved additional spending authority of $12,000 per year for character and fitness reviews for State Bar applicants, with the intent that the general fund be fully reimbursed for the costs of the review by fees charged to the applicants.

Budget: The budget increases 18.0 percent from fiscal 1988 to fiscal 1990 due to increased operating expenses and an increased funding level for equipment. Personal services increase due to a salary increase of $3,000 per year for supreme court justices, the addition of 2.00 FTE for a court automation project as approved in House Bill 320, the upgrades of a law clerk and a clerical secretary position, and the elimination of vacancy savings in the 1991 biennium. Operating expenses increase due to increases in travel costs, the court automation project, and the addition of $12,000 expenditure authority per year for character and fitness tests for State Bar applicants as discussed above. Audit fees of $16,518 are included in fiscal 1990 only. Equipment included in current level is $1,600 per year for office equipment and $53,700 in fiscal 1990 for the court automation project, with the remainder for micro-computers and software to replace the current word processing system and for computer expansion in the Clerk of the Supreme Court's Office.

Program Expansions:

1. Clerk of the Supreme Court's Office - The legislature approved $16,342 in fiscal 1990 and $8,050 in fiscal 1991 in increases for the operation of the Clerk of the Supreme Court's Office. The increases include the upgrade of a clerical secretary by the equivalent of two grades, the purchase and maintenance of additional computer work stations, computer system development, and other office equipment purchases.

Funding: The program is funded entirely by general fund. Federal funds in fiscal 1988 were from a budget amendment for a study of computerization of the court system.

Other Legislation:

1. House Bill 320 - Supreme Court Improvements - The legislature approved a general fund appropriation of $131,104 in fiscal 1990 and $72,058 in fiscal 1991 to fund a study and pilot project to develop an integrated court computer network for the state court system. Funding includes an allowance for 2.00 FTE systems analysts to develop uniform software packages and provide training for court personnel. Funding is also included to purchase approximately $54,000 of computer equipment for a pilot project.

2. Senate Bill 196 - Judicial Salaries provided for a statutory increase in the salaries of supreme court justices of $3,000 each year in the next biennium. Funding for the increases was provided in the general appropriations act and in the pay plan (House Bill 786).

Difference From Executive: Legislative adjustments to the executive budget included increases of: 1) $11,700 per year due to the elimination of vacancy savings; 2) $44,861 in fiscal 1990 and $97,274 in fiscal 1991 for the judicial salary increases and the pay plan increase; 3) $4,000 per year for the upgrade of a law clerk position; 4) $13,800 in fiscal 1990 and $5,500 in fiscal 1991 for the Clerk of the Supreme Court; 5) $12,000 per year for character and fitness tests for State Bar applicants; 6) $5,100 per year for travel costs; 7) funding in House Bill 320 for court automation; and 8) $5,000 in fiscal 1990 and $14,800 in fiscal 1991 for computers and software. Office remodeling costs of $4,600 in fiscal 1990 included in the executive budget were removed.

LEGISLATIVE ACTION

AGENCY: JUDICIARY

PROGRAM: BOARDS AND COMMISSIONS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	3.00	3.00	3.00	0.00	3.00	3.00	0.00	0.00
Personal Services	$ 73,755	$ 81,538	$ 85,866	$ 4,328	$ 81,593	$ 88,808	$ 7,215	16.42
Operating Expenses	101,563	115,792	115,925	133	121,711	121,804	93	14.14
Equipment	2,462	1,560	2,600	1,040	0	800	800	5.61
TOTAL EXPENSES	$177,780	$198,890	$204,391	$ 5,501	$203,304	$211,412	$ 8,108	14.97
FUNDING								
General Fund	$177,780	$173,290	$204,391	$ 31,101	$181,004	$211,412	$ 30,408	14.97
State Special Rev	0	25,600	0	(25,600)	22,300	0	(22,300)	0.00
TOTAL FUNDING	$177,780	$198,890	$204,391	$ 5,501	$203,304	$211,412	$ 8,108	14.97

Program Description: The Montana Constitution assigns a number of duties to the Supreme Court. These duties include, but are not limited to, supervision over all other courts, development of rules for appellate procedure, establishment of appropriate practice and procedure for all other courts, plus rule making for admissions to the bar and member conduct. The majority of these duties are accomplished by 11 active boards and commissions which are a part of the Supreme Court. Other duties are accomplished by the Supreme Court staff and by temporary boards and commissions.

Legislative Intent: The legislature approved spending authority of $25,600 in fiscal 1990 and $22,300 in fiscal 1991 from the general fund for training conference fees that are paid for Limited Court Judges training, with the intent that tuition fees charged to participants fully reimburse the general fund for the expenditures.

Budget: The budget increases 15.0 percent from fiscal 1988 to fiscal 1990 due to an increase of $11,800 per year to fund a full-time Budget and Finance officer for the five programs in the Judiciary, the pay plan increase, and additional spending authority for training for the Courts of Limited Jurisdiction, to be reimbursed by tuition fees as discussed above. Equipment included in current level is $800 per year for computer equipment replacement and $1,800 in fiscal 1990 for filing cabinets.

Funding: The Boards and Commission budget is funded from the general fund.

Other Legislation:

1. House Bill 177 - Chiropractor Malpractice Claims Panel creates a panel to review chiropractor malpractice claims prior to court action. The panel is a state agency assigned to the Judiciary for administrative purposes only. Funding is statutorily appropriated to the panel from revenues provided by assessments of licensed chiropractors.

Difference From Executive: The only adjustments to the executive budget were $1,665 per year due to the elimination of vacancy savings, $2,664 in fiscal 1990 and $5,550 in fiscal 1991 for the pay plan increase, and $1,000 in fiscal 1990 and $800 in fiscal 1991 for additional office equipment. A state special revenue account included in the executive budget for judicial training conference fees was shifted to general fund.

LEGISLATIVE ACTION

AGENCY: JUDICIARY — PROGRAM: LAW LIBRARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	8.50	6.50	6.50	0.00	6.50	6.50	0.00	(2.00)
Personal Services	$202,851	$163,806	$171,486	$ 7,680	$164,067	$178,069	$ 14,002	(15.46)
Operating Expenses	210,928	284,969	299,618	14,649	284,973	299,626	14,653	42.05
Equipment	219,966	220,199	225,538	5,339	211,818	215,638	3,820	2.53
TOTAL EXPENSES	$633,745	$668,974	$696,642	$ 27,668	$660,858	$693,333	$ 32,475	9.92
FUNDING								
General Fund	$506,461	$506,799	$696,642	$ 189,843	$498,683	$693,333	$ 194,650	37.55
State Special Rev	66,699	162,175	0	(162,175)	162,175	0	(162,175)	(100.00)
Federal & Other Rev	60,585	0	0	0	0	0	0	(100.00)
TOTAL FUNDING	$633,745	$668,974	$696,642	$ 27,668	$660,858	$693,333	$ 32,475	9.92

Program Description: The State Law Library is a law reference source for the Montana Supreme Court, lower courts, the legislature, state agencies, attorneys, and the general public of Montana. The inventory of books and materials on hand can be classified into the following categories: treatises, law reviews, reports, microfilm, and video/audio tapes for continuing legal education. The law library also maintains a collection of all states' codes.

Legislative Intent: The legislature approved the de-earmarking of the Westlaw state special revenue account and the transfer of all revenues and expenditure authority to the general fund, with the intent that revenues continue to fully reimburse the general fund for program costs.

Budget: The budget increases 9.9 percent from fiscal 1988, due primarily to a rapid growth in usage of legal electronic research databases, including Westlaw, by legal entities. Current level appropriation authority was increased to meet anticipated demand, and will be funded by revenues from users to pay for the service.

Personal services decrease 15.5 percent in fiscal 1990 primarily due to removal of one-time expenditures for 2.00 FTE in fiscal 1988 for the Helena Faxnet project. Operating expenses appear to increase 42 percent in fiscal 1990, but after removal of one-time expenditures of $16,260 in fiscal 1988 for the Faxnet program, the increase is 54 percent. Fee increases for services such as rent and data processing charges by other state agencies account for approximately $9,500

per year. The remainder of the increase is primarily due to the anticipated rapid growth in volume of usage of the electronic research databases discussed above. Current level increases $95,475 over the $66,700 expended in fiscal 1988 for database usage. Equipment included in current level is $10,000 each year for office and library equipment, with the balance for books and reference materials, funded at the same level as the 1988 appropriation. The fiscal 1991 book budget was reduced $9,900 for the cost of codes that are purchased only in even-numbered years.

Funding: The state special revenue funding in fiscal 1988 was for reimbursements for the electronic reference services discussed above. The account was de-earmarked and the revenues and expenditure authority were transferred to the general fund. The general fund increase of 37.6 percent reflects the fund transfer and the anticipated volume of usage of that current level service. Fees for the service are based on the amount charged by the vendor with no markup. The entire program is now funded entirely from the general fund. The $60,585 in federal and other funding in fiscal 1988 was for the Faxnet project.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $3,350 per year due to the elimination of vacancy savings; 2) $5,844 in fiscal 1990 and $12,161 in fiscal 1991 for the pay plan increase; 3) an additional $14,000 per year to allow legal database subscriptions at the fiscal 1988 base level; 4) an additional $1,600 in fiscal 1990 and $10,000 in fiscal 1991 for office and library equipment; and 5) adjustments to the allowance for books and reference material of $3,700 (increase) in fiscal 1990 and $6,200 (decrease) in fiscal 1991. A position upgrade of $1,500 included in the executive budget was removed. State special revenue included in the executive budget for legal databases was de-earmarked and shifted to general fund.

LEGISLATIVE ACTION

AGENCY: JUDICIARY — PROGRAM: DISTRICT COURT OPERATIONS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	36.00	36.00	36.00	0.00	36.00	36.00	0.00	0.00
Personal Services	$2,080,001	$2,089,492	$2,210,993	$121,501	$2,094,676	$2,334,646	$239,970	6.30
Operating Expenses	113,017	113,886	140,199	26,313	114,928	143,014	28,086	24.05
Equipment	24,508	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$2,217,526	$2,203,378	$2,351,192	$147,814	$2,209,604	$2,477,660	$268,056	6.03
FUNDING								
General Fund	$2,217,526	$2,203,378	$2,351,192	$147,814	$2,209,604	$2,477,660	$268,056	6.03

Program Description: The District Court Operations Program allocates monies to pay salaries, travel, and training expenses for the 36 elected district judges. The other operational costs of the district courts are paid by other state and local programs.

Budget: The total budget increases 6 percent from fiscal 1988 to fiscal 1990, primarily due to an increase in district court judges' salaries of $3,000 per year. Operating expenses increase 24 percent, primarily due to expenditures for travel and training at well below the appropriated amount in fiscal 1988, and well below average expenditures for the past four years. Expenditures were reduced in fiscal 1988 to provide availability of funds to purchase non-budgeted computer equipment. Travel costs are increased over $20,000 each year in the 1991 biennium over base level. Training and tuition costs are increased $4,050 each year over base level, to the level of the fiscal 1988 appropriation. No equipment was requested in the 1991 biennium. Equipment expenditures of $24,508 in fiscal 1988 were for computers, although no equipment was budgeted by the 1987 legislature.

Funding: The District Courts Program is funded by general fund.

Other Legislation:

1. Senate Bill 196 - Judicial Salaries provided for a statutory increase in the salaries of district judges of $3,000 each year in the next biennium. Funding for the increases was provided in the general appropriations act and in the pay plan (House Bill 786).

Difference From Executive: The only adjustments to the executive budget were to add $121,501 in fiscal 1990 and $239,970 in fiscal 1991 for judicial salary increases, and increases of $25,000 in fiscal 1990 and $28,000 in fiscal 1991 for travel and continuing legal education costs.

LEGISLATIVE ACTION

AGENCY: JUDICIARY

PROGRAM: WATER COURTS SUPERVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	13.00	13.00	11.00	(2.00)	13.00	11.00	(2.00)	(2.00)
Personal Services	$311,243	$336,003	$316,585	$(19,418)	$336,396	$327,834	$ (8,562)	1.72
Operating Expenses	88,336	114,093	107,549	(6,544)	114,090	103,396	(10,694)	21.75
Equipment	754	0	9,500	9,500	0	2,000	2,000	1,159.95
TOTAL EXPENSES	$400,333	$450,096	$433,634	$(16,462)	$450,486	$433,230	$(17,256)	8.32
FUNDING								
State Special Rev	$400,333	$450,096	$433,634	$(16,462)	$450,486	$433,230	$(17,256)	8.32

Program Description: The Water Courts Program staff is responsible for the adjudication of claims of existing water rights in Montana and for supervision of the distribution of water among the four water divisions.

Budget: The budget provides for an 8.3 percent increase from fiscal 1988 to fiscal 1990. The increase over base fiscal year 1988 expenditures is due to an anticipated increase in the level of activity of the court. The expenditures for the last three fiscal years have been flat, as much of the work of the court in the 1989 biennium and in prior years has been tied up in litigation in the Supreme Court. The agency anticipates that the legal bottleneck will be at least partially cleared up in the 1991 biennium, resulting in an increase in the number of water basins decreed and a substantial increase in the number of cases processed. However, the adjudication process is also limited by the rate at which the Department of Natural Resources (DNRC) can process verification inquiries for the court, and the DNRC program was significantly cut back by the 1987 legislature. Although the Water Rights Program 1991 biennium budget has been expanded, it is still well below 1987 biennium levels, and the current level of funding for the DNRC Water Rights Program will continue to be a limiting factor in the ability of the courts to proceed regardless of progress in court litigation. In view of the uncertainty of the court litigation process and the limitations in the current level of the DNRC verification process, the budget for the Water Courts Supervision Program in the 1991 biennium is based on moderate increases above the fiscal 1988 base level for anticipated increases in the number of water basins decreed and the number of cases processed.

Personal services increase due to the elimination of vacancy savings in the 1991 biennium as compared to over 8 percent actual vacancy savings in fiscal 1988, and the pay plan increase. This increase is largely offset by the elimination of 2.00 FTE by the legislature that had been vacant for over a year.

Operating expenses increase 21.8 percent over fiscal 1988. The increases are primarily in office supplies, postage and mailing requirements, and telephone and travel costs, in anticipation of a moderate increase in the caseload of the Water Court.

Equipment included in current level is $6,000 in fiscal 1990 and $2,000 in fiscal 1991 for office equipment, and an additional $3,500 in fiscal year 1990 for a court reporting system.

Funding: Funding for the Water Courts Supervision Program comes from the Water Development State Special Revenue Account. The account is administered by the Department of Natural Resources and Conservation (DNRC). Revenues for the fund are primarily provided by 30 percent of the Resource Indemnity Trust Interest Earnings, plus Coal Tax Water Development revenues and water development project revenues. Funding for the Water Courts reduces the funding available for Water Development Grant Projects administered by DNRC.

Difference From Executive: Legislative adjustments to the executive budget include: 1) increases of $6,760 per year due to the elimination of vacancy savings; 2) $10,145 in fiscal 1990 and $21,010 in fiscal 1991 for the pay plan increase; 3) reductions of $2,530 per year to eliminate a position upgrade; 4) reductions of $33,800 per year due to the elimination of 2.00 FTE positions that had been vacant over one year; 5) a reduction in the anticipated level of operating expenses of $6,550 in fiscal 1991 and $10,700 in fiscal 1991; and 6) increased allowances of $9,500 in fiscal 1990 and $2,000 in fiscal 1991 for equipment, including a copy machine, a court reporting system, and general office equipment.

AGENCY: GOVERNOR'S OFFICE

LEGISLATIVE ACTION

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	61.54	58.40	65.20	6.80	54.90	60.20	5.30	3.66
Personal Services	$1,876,679	$1,965,229	$2,244,500	$279,271	$1,846,939	$2,156,663	$309,724	19.60
Operating Expenses	987,402	960,376	1,017,902	57,526	774,574	852,523	77,949	3.09
Equipment	58,841	6,827	38,513	31,686	5,828	20,364	14,536	(34.55)
Non-Operating	0	200,000	512,432	312,432	0	237,432	237,432	0.00
TOTAL EXPENSES	$2,923,347	$3,132,432	$3,813,347	$680,915	$2,627,341	$3,266,982	$639,641	30.46
FUNDING								
General Fund	$2,152,975	$2,250,238	$2,676,892	$426,654	$2,172,338	$2,694,332	$521,994	24.33
State Special Rev	339,748	457,212	684,939	227,727	29,116	110,994	81,878	101.60
Federal Revenue	430,199	424,982	451,516	26,534	425,887	461,656	35,769	4.96
TOTAL FUNDING	$2,922,922	$3,132,432	$3,813,347	$680,915	$2,627,341	$3,266,982	$639,641	30.46

Program Description: The Governor has constitutional and statutory authority to administer the affairs of the State of Montana; assure that the laws of Montana are faithfully executed; appoint all military and civil officers of the state whose appointments are provided for by statute or the Constitution; approve or disapprove legislation; report to the legislature on the condition of the state; submit a biennial executive budget; grant reprieves and pardons within the best interests of Montana; serve on various boards and commissions as provided by the Constitution and statutes; and represent the state in relations with other governments, the public, and various organizations of state.

Budget: The Governor's Office budget increases 30.5 percent from fiscal 1988 to fiscal 1990 due to increased personal services, operating costs, and non-operating expenses. Personal services increase 19.6 percent because of authorized pay increases and because no vacancy savings is applied in the 1991 biennium. The agency's fiscal 1988 vacancy savings rate exceeded 10 percent. In addition, FTE are budgeted to increase 3.66 agency-wide which is the net effect of the following changes: 1) the deletion of 4.34 FTE between fiscal 1988 and fiscal 1990 due to projects and/or funding not continuing into the 1991 biennium; 2) the addition of 8.20 FTE due to program expansions or other additions authorized for the 1991 biennium; and 3) the deletion of 0.20 FTE due to extended vacancies. FTE are reduced 5.00 between fiscal 1990 and 1991 because the Centennial function will be reduced from 5.00 to 1.00 FTE in fiscal 1991, and because the 1.00 FTE Clark Fork River Basin project coordinator position is scheduled for deletion in fiscal 1991.

Operating expenses increase 3.1 percent due to several offsetting factors resulting in an overall increase. These seven factors are summarized here. 1) The agency expended $317,340 on special projects (approximately $239,000 were operating expenses) while only $20,000 is budgeted annually for operating expenses relating to special projects in the 1991 biennium. 2) Operating cost increases totalling approximately $54,000 annually were included in the Northwest Power Planning Council's budget to allow for increased travel and additional staff. 3) Audit costs are budgeted at $30,854 in fiscal 1990 compared to $9,251 spent for audit costs in fiscal 1988. 4) Flathead Basin operating expenses are budgeted to increase $13,949 annually over the amount expended in fiscal 1988. 5) Ten thousand dollars is budgeted in fiscal 1990 for a biennial contingency appropriation. Although the office had a $10,000 biennial contingency appropriation in the 1989 biennium, no funds were expended from this appropriation in fiscal 1988. 6) The Centennial Commission was authorized $50,000 general fund in fiscal 1990 for operating costs. 7) The new aircraft authorized by the legislature adds approximately $21,000 annually in operating costs.

Equipment expenditures decrease 34.6 percent from fiscal 1988 to fiscal 1990. Funds are budgeted for computer equipment and replacement of some household equipment in the Governor's residence.

Non-operating costs include Centennial grants to local governments or entities and debt service on the aircraft. Approximately $775,000 is expected to be available for grants with $500,000 being distributed in fiscal 1989 and $275,000 in the first six months of fiscal 1990. The annual debt service on the new aircraft is $237,432 annually.

Program Expansions: The legislature approved eight program expansions which added 4.70 FTE in fiscal 1990 and 4.20 FTE in fiscal 1991. The expansions are listed below by program and fund source.

Table 1
Governor's Office - 1991 Biennium Program Expansions

			Fiscal 1990				Fiscal 1991		
#	Program	Expansion Name	FTE	General Fund	Other Funds	Total Funds	FTE	General Fund	Other Funds	Total Funds
1	Mansion	Linen Replacement	0.00	$17,050	$ -0-	$ 17,050	0.00	$ 3,400	$ -0-	$ 3,400
2	OBPP	Session Year DP	0.00	-0-	-0-	-0-	0.00	14,031	-0-	14,031
3	OBPP	Computer Eq.	0.00	14,046	-0-	14,046	0.00	14,046	-0-	14,046
4	OBPP	Additional FTE	1.50	39,000	-0-	39,000	1.00	30,511	-0-	30,511
5	NWPP	Additional FTE	1.50	-0-	61,512	61,512	1.50	-0-	61,512	61,512
6	Lt. Governor	OP Expenses	0.00	6,826	-0-	6,826	0.00	6,826	-0-	6,826
7	Cit. Advocate	Additional Staff	0.50	14,355	-0-	14,355	0.50	14,269	-0-	14,269
8	Board of Visitors	Protection & Advocacy	1.20	-0-	40,000	40,000	1.20	-0-	40,000	40,000
	Total Expansions		4.70	$91,277	$101,512	$192,789	4.20	$83,083	$101,512	$184,595

Funding: The Governor's Office is funded from general fund; indirect cost recoveries; Resource Indemnity Trust interest; revenue generated from the sale of centennial merchandise, license plates, etc.; funds from the Bonneville Power Administration; and other federal funds. State special revenue is budgeted to increase significantly because the Centennial office and grants, which are funded from the sale of centennial merchandise and other centennial-related revenue, increase significantly in fiscal 1990 which cover the Centennial celebration activities. State special revenue also includes private funding for the Flathead Basin commission.

LEGISLATIVE ACTION

AGENCY: GOVERNOR'S OFFICE — PROGRAM: EXECUTIVE OFFICE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	22.70	19.00	21.50	2.50	18.00	20.50	2.50	(1.20)
Personal Services	$ 662,627	$ 651,892	$ 771,749	$119,857	$612,744	$ 750,777	$138,033	16.47
Operating Expenses	502,650	351,854	363,383	11,529	330,966	342,717	11,751	(27.71)
Equipment	11,256	1,902	5,902	4,000	1,998	1,998	0	(47.57)
TOTAL EXPENSES	$1,176,533	$1,005,648	$1,141,034	$135,386	$945,708	$1,095,492	$149,784	(3.02)
FUNDING								
General Fund	$ 979,192	$ 896,343	$ 999,101	$102,758	$875,708	$ 994,307	$118,599	2.03
State Special Rev	116,810	39,305	121,557	82,252	0	80,395	80,395	4.06
Federal Revenue	80,531	70,000	20,376	(49,624)	70,000	20,790	(49,210)	(74.70)
TOTAL FUNDING	$1,176,533	$1,005,648	$1,141,034	$135,386	$945,708	$1,095,492	$149,784	(3.02)

Program Description: The Executive Office Program is responsible for overseeing and directing the activities of the executive branch of government, insuring responsible and responsive government for Montana.

Budget: The budget decreases 3.0 percent from fiscal 1988 to 1990 due primarily to $317,340 of special project costs incurred in fiscal 1988 which are not continuing, or are continuing at a reduced level, into the 1991 biennium. This decrease is offset by increased personal services due to the authorized pay increases and fully funding all positions. The executive office had a 14 percent vacancy savings rate in fiscal year 1988 while no vacancy savings is budgeted in the 1991 biennium.

Table 2 illustrates the allocation of fiscal year 1988 actual expenditures and 1990 and 1991 budgeted expenditures to budget items, program, and funding. As Table 2 shows, special projects decrease markedly in the 1991 biennium. The increase shown in the Executive Office program line results primarily from a high vacancy savings rate in fiscal 1988 and no vacancy savings applied in the 1991 biennium. In addition, biennial appropriations totaling $22,867 are budgeted in fiscal 1990 (audit fees and contingency).

Table 2
Executive Office Program by Line Item, Program, and Funding
Fiscal Years 1988, 1990, and 1991

	Fiscal 1988 Actual	Fiscal 1990 Budgeted	Fiscal 1991 Budgeted
FTE	22.70	21.50	20.50
Budget Item			
Personal Services	$ 662,627	$ 771,749	$ 750,777
Operating Expenses	502,650	363,383	342,717
Equipment	11,256	5,902	1,998
Total Expenditures	$1,176,533	$1,141,034	$1,095,492
Program			
Executive Office	$ 846,704	$1,009,477	$1,005,492
Special Projects*	329,829	131,557	90,000
Total	$1,176,533	$1,141,034	$1,095,492
Funding			
General Fund	$ 979,192	$ 999,101	$ 994,307
State Special Revenue	116,810	121,557	80,395
Federal	80,531	20,376	20,790
Total Funding	$1,176,533	$1,141,034	$1,095,492

*FY88 actual expenditures include Supercollider, Flathead River International Study Board, Flathead Basin commission, Superfund sites, Clark Fork River Basin, and miscellaneous projects. FY90 budgeted expenditures include Women in Employment Advisory Council, Clark Fork River Basin Project, and Flathead Basin commission. FY91 budgeted expenditures include Women in Employment Advisory Council and Flathead Basin commission.

The new administration requested several modifications to the FTE composition included in Governor Schwinden's budget request. The legislature approved some of the requested changes. Table 3 below illustrates the FTE changes to the Executive Office Program from fiscal 1988 to fiscal 1990. In fiscal 1988 the Executive Office Program was appropriated 23.00 FTE. During fiscal 1988, 0.30 FTE was transferred to the Office of Budget and Program Planning. The original executive budget request (Schwinden) for fiscal 1990 transferred another 0.70 FTE to the Office of Budget

and Program Planning and deleted 3.00 FTE. The revised executive budget request (Stephens) included 25.00 FTE. The legislature approved adding 2.50 FTE to the original executive request resulting in 21.50 FTE approved for fiscal 1990.

Table 3
Executive Office Program Personal Services and FTE Changes
Fiscal Years 1988 and 1990

	Fiscal 1988 Budgeted	Fiscal 1988 Actual	Fiscal 1990 Schwinden	Fiscal 1990 Stephens	Fiscal 1990 Legislature
FTE	23.00	22.70	19.00	25.00	21.50
Personal Services	$742,602	$662,627	$651,892	$820,329	$771,749

Changes:

1988 Budgeted to 1988 Actual:	(0.30)	Transferred to OBPP
1988 Actual to 1990 Schwinden:	(0.70)	Transferred to OBPP
	(3.00)	Deleted
	(3.70)	NET DECREASE
1990 Schwinden to 1990 Stephens:	1.00	Security Staff TRF from DOA
	2.00	Reestablish Centralized Services Positions
	0.50	Secretarial Staff TRF from Mansion
	2.50	Increase in Exempt Staff
	6.00	NET INCREASE
1988 Actual to 1990 Legislature:	(0.70)	Transferred to OBPP
	(3.00)	Deleted
	1.00	Security Staff TRF from DOA
	1.00	Accounting - Centralized Services - New Position
	0.50	Secretarial Staff TRF from Mansion
	1.00	Additional Clerical Staff
	(1.00)	Delete Professional Staff
	(1.20)	NET DECREASE

Operating expenses decrease 27.7 percent from fiscal 1988 to fiscal 1990. Most of the special project expenditures in fiscal 1988 were operating expenses. Equipment funding decreases 47.6 percent but reflects the agency's request.

Funding: The Executive Office budget in the 1991 biennium is funded primarily from general fund. General fund increases while other funds decrease in the 1991 biennium because several of the program expansions are funded by general fund and because no vacancy savings is budgeted in the 1991 biennium.

The state special revenue includes indirect cost recoveries of $10,000 annually from non-general fund programs for accounting, budgeting, and personnel services performed by the centralized services staff which are also included in the state special revenue category. Private funding of $70,000 annually is included in the state special revenue category for the Flathead Basin commission. In fiscal 1990, this category also includes $41,557 of Resource Indemnity Trust interest funds for the Clark Fork River Basin Project. Funding for this project will cease at the end of fiscal year 1990.

In fiscal 1988, the agency expended $17,271 budget-amended federal funds relating to the Flathead River International Study Board, $44,721 Supercollider matching funds (classified as federal and other special revenue), and $6,050 of EPA Superfund funds on three project sites. None of these programs are continued into the 1991 biennium reflecting the agency's request. Twenty thousand dollars anticipated to be received from the state Department of Labor are budgeted in each year of the 1991 biennium for the Women in Employment Advisory Council.

Other Legislation:

House Bill 554 increases the disaster and emergency statutory appropriation for state-declared disasters from $1 million to $2 million each biennium. The bill also establishes a statutory appropriation of $500,000 each biennium for federally-declared disasters.

Difference From Executive: The legislative appropriation exceeds former Governor Schwinden's budget recommendation because staff was added to the office and higher salaries for exempt positions were authorized by the 1989 legislature. The additional staff and higher salaries add $87,738 in fiscal 1990 and $87,371 in fiscal 1991. Not applying vacancy savings adds $12,064 in fiscal 1990 and $11,288 in fiscal 1991. Personal services also increase because pay plan adds $19,965 in fiscal 1990 and $39,284 in fiscal 1991.

Operating expenses exceed the executive budget request primarily because the legislature added $20,000 annually for operating expenses relating to the Women in Employment Advisory Council which were not included in the original (Schwinden) budget. This is offset somewhat as some operating expenses relating to the Washington, D.C. office were reallocated to personal services to fund higher salaries. Equipment funding increases from the executive budget to provide a computer for the accounting position authorized by the legislature.

State special revenue exceeds the executive recommendation for two reasons. First, Senate Bill 80 reclassified other special revenue as state special revenue. The executive budget included $70,000 other special revenue funds annually for the Flathead Basin Commission. This was reclassified as state special revenue. Second, the $10,000 annually for indirect costs was not included in the original executive budget request.

The difference in federal revenue is attributable to the reclassification of Flathead Basin Commission funds to state special revenue and the addition of $20,000 annually for the Women in Employment Advisory Council.

LEGISLATIVE ACTION

AGENCY: GOVERNOR'S OFFICE — PROGRAM: MANSION MAINTENANCE PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	1.90	1.70	1.50	(0.20)	1.70	1.50	(0.20)	(0.40)
Personal Services	$35,925	$35,939	$31,780	$(4,159)	$35,966	$33,075	$(2,891)	(11.54)
Operating Expenses	21,442	24,088	26,197	2,109	24,747	26,356	1,609	22.18
Equipment	0	0	13,650	13,650	0	500	500	0.00
TOTAL EXPENSES	$57,367	$60,027	$71,627	$11,600	$60,713	$59,931	$ (782)	24.86
FUNDING								
General Fund	$57,367	$60,027	$71,627	$11,600	$60,713	$59,931	$ (782)	24.86

Program Description: The Mansion Maintenance Program is responsible for the maintenance of the Governor's official residence.

Budget: The budget increases 24.9 percent from fiscal 1988 to fiscal 1990 due to additional funds being included to replace linens and utensils, to provide annual drapery and carpet cleaning, and to provide for the purchase of household equipment. Personal services decrease 11.5 percent because the overall impact of FTE changes resulted in a 0.40 FTE reduction.

Program Expansion:

1. Linen Replacement, Annual Maintenance, Household Equipment - The legislature approved an additional $3,400 in fiscal 1990 and $2,900 in fiscal 1991 for replacing linens and utensils, and for annual drapery and carpet cleaning. Drapery replacement and household equipment are budgeted at $13,650 in fiscal 1990 and $500 in fiscal 1991.

Funding: The mansion maintenance budget is funded from general fund.

Difference From Executive: Legislative adjustments to the executive budget include: 1) increases noted in the program expansion for purchasing household items and increasing maintenance; 2) an increase of $1,918 in fiscal 1990 and $3,170 in fiscal 1991 for eliminating vacancy savings and adding the state employee pay plan; 3) an approximate $5,000 annual decrease due to the net effect of several position changes; and 4) an annual $2,420 reduction from the executive request for increased benefits and utilities.

AGENCY: GOVERNOR'S OFFICE

LEGISLATIVE ACTION

PROGRAM: AIR TRANSPORTATION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	1.00	1.00	1.00	0.00	1.00	1.00	0.00	0.00
Personal Services	$33,624	$ 34,538	$ 35,542	$ 1,004	$34,755	$ 36,845	$ 2,090	5.70
Operating Expenses	57,086	165,601	81,033	(84,568)	60,250	80,816	20,566	41.95
Non-Operating	0	0	237,432	237,432	0	237,432	237,432	0.00
TOTAL EXPENSES	$90,710	$200,139	$354,007	$153,868	$95,005	$355,093	$260,088	290.26
FUNDING								
General Fund	$90,710	$200,139	$354,007	$153,868	$95,005	$355,093	$260,088	290.26

Program Description: The Air Transportation Program is responsible for providing the Governor with safe and reliable air transportation.

Budget: The legislature provided funds for the purchase of an airplane to replace the existing aircraft. The total cost of the aircraft, including principal and interest charges, will not exceed $715,000. The legislature intends that the aircraft be financed over a 3-year period. Debt service costs of $237,432 were added each year for the principal and interest payments. Additional operating costs totaling $21,702 in fiscal 1990 and $20,566 in fiscal 1991 were required for the new aircraft.

Funding: The Air Transportation Program budget is funded from the general fund.

Difference From Executive: The original executive budget included $106,270 in fiscal 1990 to replace the engines on the aircraft belonging to the Governor. The legislature opted to replace the aircraft. This resulted in a net $131,162 increase to the fiscal 1990 executive budget and a $237,432 increase to the fiscal 1991 executive budget. Other legislative adjustments to the executive budget include an increase of $1,004 in fiscal 1990 and $2,090 in fiscal 1991 for pay plan and eliminating vacancy savings and an increase of $21,702 in fiscal 1990 and $20,566 in fiscal 1991 for higher operating costs anticipated with the new aircraft.

LEGISLATIVE ACTION

AGENCY: GOVERNOR'S OFFICE — PROGRAM: OFFICE OF BUDGET & PROG PLAN

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	16.80	17.50	19.00	1.50	18.00	19.00	1.00	2.20
Personal Services	$511,240	$593,669	$657,735	$64,066	$609,651	$685,488	$ 75,837	28.65
Operating Expenses	107,091	118,178	118,178	0	149,169	163,200	14,031	10.35
Equipment	35,535	1,700	15,736	14,036	1,700	15,736	14,036	(55.72)
TOTAL EXPENSES	$653,866	$713,547	$791,649	$78,102	$760,520	$864,424	$103,904	21.07
FUNDING								
General Fund	$653,866	$713,547	$791,649	$78,102	$760,520	$864,424	$103,904	21.07

Program Description: The Office of Budget and Program Planning assists the Governor in the planning, preparation, and administration of the state budget; assists in the evaluation and development of alternative program plans for the provision of state government services; prepares and monitors revenue estimates and collections; prepares and publishes fiscal notes on proposed legislation and initiatives; reviews and approves operational plan changes, program transfers, budget amendments, organizational charts, and legal services contracts; and acts as the lead executive branch agency for compliance with the federal Single Audit Act.

Budget: The budget increases 21.1 percent from fiscal 1988 to fiscal 1990 due to additional staff and operating expenses authorized by the legislature. The original executive budget request (Schwinden) transferred a 0.70 FTE from the Executive Office Program to the Office of Budget and Program Planning to perform the single agency audit function required by the federal Single Audit Act. The legislature authorized an additional 0.50 FTE secretarial staff position in fiscal 1990 to make a full-time position from a current part-time position. This position is already budgeted as a 1.00 FTE in fiscal 1991. An additional 1.00 FTE budget analyst was also authorized each year of the 1991 biennium.

Operating costs are budgeted to increase 10.4 percent from fiscal 1988 to fiscal 1990 due to biennial legislative audit costs ($17,987 budgeted versus $8,806 spent in fiscal 1988) being budgeted in fiscal 1990.

The equipment budget includes $15,736 annually to replace three computers each year and for software for the new and existing computers.

Program Expansions:

1. Session Year Data Processing - The legislature approved an additional $14,031 in fiscal 1991 for increased data processing costs related to the office's executive budgeting system.

2. Computer Equipment and Software - The legislature approved an additional $14,046 each year of the 1991 biennium to purchase computer equipment and software.

3. Additional FTE - The legislature approved the addition of $8,484 general fund for a 0.50 FTE secretarial staff position in fiscal 1990. This will provide full-time secretarial support from this position in both years of the 1991 biennium. The legislature also approved a 1.00 FTE budget analyst at a general fund cost of $30,516 in fiscal 1990 and $30,511 in fiscal 1991.

Funding: The Office of Budget and Program Planning is funded by the general fund.

Difference From Executive: The legislative appropriation exceeds former Governor Schwinden's budget recommendation due to: 1) legislative approval of the three program expansions detailed above, totalling 1.50 FTE and $53,046 general fund in fiscal 1990 and 1.00 FTE and $58,588 general fund in fiscal 1991; 2) an increase of $12,106 in fiscal 1990 and $12,289 in fiscal 1991 for the elimination of vacancy savings; and 3) an increase of $19,272 in fiscal 1990 and $40,021 in fiscal 1991 for the pay plan.

LEGISLATIVE ACTION

AGENCY: GOVERNOR'S OFFICE — PROGRAM: NORTHWEST POWER PLANNING COUNCIL

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	5.08	5.00	6.50	1.50	5.00	6.50	1.50	1.42
Personal Services	$225,857	$207,502	$256,647	$49,145	$207,933	$264,847	$56,914	13.63
Operating Expenses	77,688	106,480	132,515	26,035	106,954	132,988	26,034	70.57
Equipment	22	1,000	1,000	0	1,000	1,000	0	4,445.45
TOTAL EXPENSES	$303,567	$314,982	$390,162	$75,180	$315,887	$398,835	$82,948	28.53
FUNDING								
Federal Revenue	$303,567	$314,982	$390,162	$75,180	$315,887	$398,835	$82,948	28.53

Program Description: The Northwest Power Planning Council was created in 1981, pursuant to The Pacific Northwest Electric Power Planning and Conservation Act of 1980. The goals of the council, as outlined in the act, are to plan for the Northwest's electric power needs, protect and rehabilitate fish and wildlife resources, and encourage public involvement in regional decisions. The council is a regional agency made up of eight members, two each from the Pacific Northwest states of Montana, Idaho, Oregon, and Washington. These members are appointed by governors of the four states and approved by the respective state legislatures.

Budget: FTE increase 1.42 due to the net effect of: 1) adding 1.50 FTE in the program expansion; and 2) deleting a 0.08 FTE that had been temporarily hired in fiscal 1988 to complete a research project.

The budget increases 28.5 percent from fiscal 1988 to fiscal 1990 due to increased personnel (see program expansion section) and operating costs authorized by the legislature. Contracted services and travel for current level services were increased approximately $32,000 each year of the 1991 biennium. Most of the increase ($27,800 annually) is for anticipated contracted services to enable the agency to prepare revisions to its Energy Plan and sponsor a conference on the Columbia River Treaty.

Program Expansion:

1. Additional Staff - The legislature approved 1.50 FTE and $61,512 annually for related expenses to assist the Council in developing a fish and wildlife plan and analyzing mitigation proposals currently under consideration.

Funding: The Northwest Power Planning Council is funded by the Bonneville Power Agency, a federal agency.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an annual $61,512 increase for 1.50 new FTE requested by the new administration; 2) an approximate $2,300 annual increase due to the elimination of vacancy savings; 3) an annual $4,135 increase for out-of-state travel; and 4) an increase of $7,248 in fiscal 1990 and $15,013 in fiscal 1991 for the pay plan.

LEGISLATIVE ACTION

AGENCY: GOVERNOR'S OFFICE

PROGRAM: LT. GOVERNOR'S OFFICE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	5.00	5.00	5.00	0.00	5.00	5.00	0.00	0.00
Personal Services	$159,860	$161,387	$168,737	$ 7,350	$161,420	$174,092	$12,672	5.55
Operating Expenses	30,501	31,906	38,863	6,957	32,594	39,556	6,962	27.42
Equipment	1,307	1,775	1,775	0	680	680	0	35.81
TOTAL EXPENSES	$191,668	$195,068	$209,375	$14,307	$194,694	$214,328	$19,634	9.24
FUNDING								
General Fund	$191,668	$195,068	$209,375	$14,307	$194,694	$214,328	$19,634	9.24

Program Description: The Lieutenant Governor's Office is responsible for carrying out duties prescribed in Article VI, Section 4 of the Montana Constitution. This office serves as the liaison between state and local governments, supervises the Intergovernmental Review Clearinghouse operations, and serves as chairman of the Statehood Centennial Commission.

Budget: The legislature provided funding at the fiscal 1988 appropriated level for the 1991 biennium. This represents an annual $6,826 operating cost increase from fiscal 1988 actual expenditures. Other base adjustments total approximately $1,225 annually for increased insurance, rent, and grounds maintenance expenses.

Program Expansion:

1. Increased Operating Costs - The legislature authorized the additional operating costs noted in the budget section to provide the new Lieutenant Governor the same operating budget as provided the out-going Lieutenant Governor in fiscal 1988.

Funding: The Lieutenant Governor's Office is funded from the general fund.

Difference From Executive: In addition to the program expansion, the legislature also added $2,421 annually due to eliminating vacancy savings and $4,929 in fiscal 1990 and $10,251 in fiscal 1991 for the pay plan.

AGENCY: GOVERNOR'S OFFICE

LEGISLATIVE ACTION

PROGRAM: CITIZENS' ADVOCATE OFFICE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	1.00	1.00	1.50	0.50	1.00	1.50	0.50	0.50
Personal Services	$32,933	$34,587	$50,407	$15,820	$34,580	$51,851	$17,271	53.06
Operating Expenses	17,985	17,869	17,869	0	17,869	17,869	0	(0.64)
TOTAL EXPENSES	$50,918	$52,456	$68,276	$15,820	$52,449	$69,720	$17,271	34.09
FUNDING								
General Fund	$50,918	$52,456	$68,276	$15,820	$52,449	$69,720	$17,271	34.09

Program Description: The Citizens' Advocate Office exists to provide accessibility to state government for Montana citizens. The office provides information to citizens and acts as a referral service to state agencies. A toll free number is provided citizens for this purpose.

Budget: The budget increases 34.1 percent from fiscal 1988 to fiscal 1990 due to the additional 0.50 FTE authorized by the legislature as discussed below.

Program Expansion:

1. Additional Staff - The legislature authorized the transfer of 0.50 FTE from the General Services Division, Department of Administration, security staff to this program. The position will assist the 1.00 FTE in answering the telephone and responding to requests.

Funding: The Citizens' Advocate Office is funded from the general fund.

Difference From Executive: The 1991 biennium appropriation exceeds the executive budget request because the additional 0.50 FTE requested by the new administration and authorized by the legislature adds $14,354 in fiscal 1990 and $14,328 in fiscal 1991. The pay plan adds $1,423 in fiscal 1990 and $2,960 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: GOVERNOR'S OFFICE

PROGRAM: BOARD OF VISITORS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	4.06	4.20	4.20	0.00	4.20	4.20	0.00	0.14
Personal Services	$119,383	$125,528	$129,709	$ 4,181	$125,864	$134,179	$ 8,315	8.65
Operating Expenses	51,915	46,680	43,676	(3,004)	46,935	43,931	(3,004)	(15.87)
Equipment	4,057	450	450	0	450	450	0	(88.91)
TOTAL EXPENSES	$175,355	$172,658	$173,835	$ 1,177	$173,249	$178,560	$ 5,311	(0.87)
FUNDING								
General Fund	$129,254	$132,658	$132,857	$ 199	$133,249	$136,529	$ 3,280	2.79
Federal Revenue	46,101	40,000	40,978	$978	40,000	42,031	2,031	(11.11)
TOTAL FUNDING	$175,355	$172,658	$173,835	$ 1,177	$173,249	$178,560	$ 5,311	(0.87)

Program Description: The Mental Disabilities Board of Visitors, established by the legislature in 1975, is charged by Montana law with reviewing patient care at Montana's community mental health centers, as well as the institutions for the mentally ill and the developmentally disabled. The board consists of five members appointed by the Governor. They represent, but are not limited to, consumers, doctors of medicine, and behavioral scientists. The board employs administrative and legal staff and contracts with medical professionals to carry out its responsibilities for patient representation and facility review.

Budget: Budgeted expenditures decrease 0.9 percent from fiscal 1988 to fiscal 1990. Federal funds totalling $46,101 in fiscal 1988 were budget amended and 1.06 FTE were added to administer the federal Protection and Advocacy for Mentally Ill Individuals Act of 1986 in Montana. The federal grant is expected to continue and the services were authorized by the legislature as a budget modification for the 1991 biennium.

Program Expansion:

1. Protection and Advocacy - The legislature approved an additional 1.20 FTE to provide legal protection and advocacy for patients in Montana's institutions for the mentally ill and developmentally disabled. The federal grant is expected to total $40,000 annually.

Funding: The program is funded with general fund and a federal grant.

Difference From Executive: The legislative appropriation is less than the executive budget request primarily because the expanded operating expense level requested by the executive was denied by the legislature. The pay plan adds $4,070 in fiscal 1990 and $8,500 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: GOVERNOR'S OFFICE — PROGRAM: STATEHOOD CENTENNIAL OFFICE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	4.00	4.00	5.00	1.00	1.00	1.00	0.00	1.00
Personal Services	$ 95,230	$120,187	$142,194	$ 22,007	$24,026	$25,509	$1,483	49.32
Operating Expenses	121,044	97,720	196,188	98,468	5,090	5,090	$0	62.08
Equipment	6,664	0	0	0	0	0	$0	(100.00)
Non-Operating	0	200,000	275,000	75,000	0	0	$0	0.00
TOTAL EXPENSES	$222,938	$417,907	$613,382	$195,475	$29,116	$30,599	$1,483	175.14
FUNDING								
General Fund	$ 0	$ 0	$ 50,000	$ 50,000	$ 0	$ 0	$ 0	0.00
State Special Rev	222,938	417,907	563,382	145,475	29,116	30,599	1,483	152.71
TOTAL FUNDING	$222,938	$417,907	$613,382	$195,475	$29,116	$30,599	$1,483	175.14

Program Description: The 1985 legislature created the Montana Statehood Centennial Office to encourage the commemoration and celebration of Montana's 100th anniversary of statehood, to administer centennial activities, and to create a Montana Statehood Centennial Commission to advise on centennial activities. This program will cease to exist at the end of fiscal 1991.

Legislative Intent: The legislature included boilerplate language restricting a minimum of $75,000 of a $150,000 Burlington Northern donation to a Centennial Memory Project as requested by the donor. Remaining funds may be used as determined by the Statehood Centennial Commission. Language was also added requiring the fund balance of the Centennial state special revenue account be deposited to the general fund at fiscal year end 1991.

Budget: Expenditures are budgeted to increase 175 percent from fiscal 1988 to fiscal 1990 due to approximately $275,000 in grants expected to be distributed to local or county level organizations to fund local centennial activities. There was no grant distribution in fiscal year 1988. Approximately $775,000 is now expected to be available for grants, with $500,000 being distributed in fiscal 1989 and $275,000 in the first six months of fiscal 1990. In addition, the legislature added $50,000 general fund in fiscal 1990 to be used for centennial operations. Personal services increase 49.3 percent and FTE increase 1.00 from fiscal 1988 to 1990. The legislature approved the addition of 1.00 FTE personal staff,

funded from the Burlington Northern donation, to assist with the increased workload in the centennial year. In fiscal 1991, FTE and all operating costs decrease substantially as centennial activities will be wrapped up in fiscal 1991.

Funding: Funding for the Montana Statehood Centennial Office is from the state general fund and from revenue generated from the sale of centennial merchandise, license plates, and the centennial acre, from donations, or from miscellaneous sources.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $2,453 in fiscal 1990 and $490 in fiscal 1991 due to the elimination of vacancy savings; 2) an increase of $4,410 in fiscal 1990 and $1,708 in fiscal 1991 for the pay plan; 3) a $150,000 and 1.00 FTE increase in fiscal 1990 for the Burlington Northern donation; 4) a $50,000 increase in fiscal 1990 for the general fund added by the legislature for centennial operations; and 5) a reduction of $11,586 in fiscal 1990 and $715 in fiscal 1991 for lower salaries than included in the executive budget.

LEGISLATIVE ACTION

AGENCY: SECRETARY OF STATE

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	27.50	27.50	26.00	(1.50)	27.50	26.00	(1.50)	(1.50)
Personal Services	$ 587,377	$ 599,856	$ 602,440	$ 2,584	$ 600,228	$ 626,745	$ 26,517	2.56
Operating Expenses	516,298	399,408	432,500	33,092	401,239	452,008	50,769	(16.23)
Equipment	5,258	16,133	20,133	4,000	0	0	0	282.90
Non-Operating	4,393	40,634	40,634	0	36,242	36,242	0	824.97
TOTAL EXPENSES	$1,113,326	$1,056,031	$1,095,707	$ 39,676	$1,037,709	$1,114,995	77,286	(1.58)
FUNDING								
General Fund	$ 545,405	$ 503,397	$ 925,267	$ 421,870	$ 491,529	$ 947,730	$ 456,201	69.65
State Special Rev	567,921	552,634	170,440	(382,194)	546,180	167,265	(378,915)	(69.99)
TOTAL FUNDING	$1,113,326	$1,056,031	$1,095,707	$ 39,676	$1,037,709	$1,114,995	$ 77,286	(1.58)

Program Description: The Office of the Secretary of State was established by Article VI, Section 1 of the Montana Constitution, and its duties are set forth in Title 2, Part 4 of the Montana Code Annotated (MCA). It is primarily a record-keeping office which files, maintains, and preserves the permanent records of the state and certain public interest records of private citizens. The office also publishes the Montana Administrative Register (MAR) and the Administrative Rules of Montana (ARM), and the Secretary of State is the chief elections official for the state, responsible for ensuring compliance with state election laws and administration of elections.

Budget: The budget for the Office of the Secretary of State decreases 1.6 percent from fiscal 1988 to 1990, attributed primarily to: 1) a reduction in operating costs as a result of savings from conversion by the agency from a main-frame to an in-house data processing system for UCC documents; 2) the elimination of 1.50 FTE positions that had been vacant for some time; and 3) the elimination from the budget of one-time expenditures in fiscal 1988 for reprints of the ARM manual. These decreases were partially offset by increases in printing, postage, audit costs, and the pay plan increase, as discussed in the program narratives.

Funding: The Records Management Program is funded by general fund, while the Administrative Code Program is funded by a state special revenue fund which recovers costs with user fees. General fund increases while state special revenue decreases due to the de-earmarking of the agricultural lien state special revenue account, as discussed in the narrative for the Records Management Program.

LEGISLATIVE ACTION

AGENCY: SECRETARY OF STATE

PROGRAM: RECORDS MANAGEMENT

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	24.00	24.00	22.50	(1.50)	24.00	22.50	(1.50)	(1.50)
Personal Services	$503,809	$515,011	$512,897	$ (2,114)	$515,385	$533,919	$ 18,534	1.80
Operating Expenses	409,338	321,231	354,323	33,092	328,118	378,887	50,769	(13.44)
Equipment	5,530	15,390	19,390	4,000	0	0	0	250.63
Non-Operating	3,735	38,657	38,657	0	34,924	34,924	0	934.99
TOTAL EXPENSES	$922,412	$890,289	$925,267	$ 34,978	$878,427	$947,730	$ 69,303	0.31
FUNDING								
General Fund	$545,405	$503,397	$925,267	$ 421,870	$491,529	$947,730	$ 456,201	69.65
State Special Rev	377,007	386,892	0	(386,892)	386,898	0	(386,898)	(100.00)
TOTAL FUNDING	$922,412	$890,289	$925,267	$ 34,978	$878,427	$947,730	$ 69,303	0.31

Program Description: The Records Management Program provides statutorily required services relating to elections, filing of corporate records, and custodianship of the state's official documents. The program also administers the Agricultural Lien Program, a centralized filing and access system for security interests covering agricultural products and property.

Legislative Intent:

In the event that a cost-saving in-house data processing system for UCC transactions is not on-line by July 1, 1989 as scheduled, additional spending authority may be requested through a budget amendment.

The above language was included since many of the assumptions used in the approved budget revolve around successful implementation of a new, in-house computer system for the Uniform Commercial Code (UCC) Bureau. The system was expected to provide a cost savings of over $90,000 per year, but there is some doubt that the system will be operational by July 1, 1989. If it is not operational by that time, the agency would have a significant budget shortfall.

Budget: The budget provides for a 0.3 percent increase from fiscal 1988 to 1990. A conversion by the agency from a main-frame to an in-house data processing system for UCC documents resulted in a savings of over $90,000, but this decrease is offset by several increases over fiscal 1988 levels as described below.

Personal services increase 1.8 percent, even though 1.50 FTE data entry operator positions were eliminated at a savings of $30,300 per year. The positions were vacant for over a year. This decrease was more than offset due to an actual vacancy savings rate of 4.5 percent in fiscal 1988 as compared to no vacancy savings budgeted in the 1991 biennium, and the pay plan increase.

Operating expenses decrease 13.4 percent in fiscal 1990 due to the planned conversion of the UCC document processing system as discussed above. Increases that partially offset the reduction include: 1) increased printing costs of $17,900 ($42,800 in fiscal 1991) for several election related booklets and documents that must be reprinted. These increases are a one-time cost; and 2) smaller increases in postage costs, audit fees ($10,000 in fiscal 1990 only), and office supplies and microfilm processing.

Equipment included in the budget is for the purchase of 10 replacement typewriters and a microfiche reader/printer, a FAX machine to enable agencies and the public to transmit documents electronically to the Secretary of State's office, and funds to purchase a new microfilm reader-printer.

Non-operating costs are for debt service on the purchase of a new office network desk-top computer system in fiscal 1988. The amount expended in fiscal 1988 was for a partial year only. The system is to be paid for over a five-year period. The new computer system was not budgeted in the agency's 1989 biennium budget, but was considered essential by the agency to replace a seven-year-old system that the agency stated was failing frequently and was unreliable. The system is used primarily for election information and tracking and for agency administration. The funding for the new system came from savings due to the replacement of the UCC processing system discussed above.

Funding: The Records Management program is funded entirely by general fund. The processing of Uniform Commercial Code secured transactions and Agricultural Lien transactions were funded through the 1989 biennium by a state special revenue account, but the account was de-earmarked by Senate Bill 78, and the appropriation authority and revenues were transferred to the general fund. Costs of the services provided in those functions will continue to be recovered by service fees which are required by statute to be commensurate with costs.

Difference From Executive: Legislative adjustments to the executive budget included: 1) an increase of $9,900 per year due to the elimination of vacancy savings; 2) the addition of $19,249 in fiscal 1990 and $40,004 in fiscal 1991 for the pay plan increase; 3) a reduction of $30,300 per year due to the elimination of 1.50 FTE data entry operator positions; 4) increases of $32,057 in fiscal 1990 and $49,734 in fiscal 1991 for data processing, printing, and postage costs; and 5) the addition of $4,000 in fiscal 1990 for a microfilm reader-printer.

LEGISLATIVE ACTION

AGENCY: SECRETARY OF STATE — PROGRAM: ADMINISTRATIVE CODE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	3.50	3.50	3.50	0.00	3.50	3.50	0.00	0.00
Personal Services	$ 83,568	$ 84,845	$ 89,543	$4,698	$ 84,843	$ 92,826	$7,983	7.15
Operating Expenses	106,960	78,177	78,177	0	73,121	73,121	0	(26.91)
Equipment	(272)	743	743	0	0	0	0	(373.16)
Non-Operating	658	1,977	1,977	0	1,318	1,318	0	200.46
TOTAL EXPENSES	$190,914	$165,742	$170,440	$4,698	$159,282	$167,265	$7,983	(10.72)
FUNDING								
State Special Revenue	$190,914	$165,742	$170,440	$4,698	$159,282	$167,265	$7,983	(10.72)

Program Description: The Administrative Code Program is responsible for filing, publishing, and distributing Administrative Rules of Montana (ARM) developed for the operation of state agencies.

Budget: The budget provides for a 10.7 percent decrease from fiscal 1988 to fiscal 1990, primarily due to the removal from current level of a one-time expenditure in fiscal 1988 for printing of new sets of the ARM manual.

Personal services increase 7.2 percent due to an actual vacancy savings rate of 5.5 percent in fiscal 1988 as compared to no vacancy savings budgeted in the 1991 biennium, and the pay plan increase.

Operating expenses decrease 26.9 percent due to the elimination from current level of $37,900 in one-time expenditures in base fiscal year 1988 for printing of complete sets of the ARM manual. This decrease was partially offset by increases for inflation and data processing supplies, and audit fees of $2,920 that are included in fiscal year 1990 only.

Non-operating costs are for debt service on the purchase late in fiscal 1988 of the new office network computer system. Costs for the system are allocated between the Records Management and Administrative Codes programs. (See the previous discussion of the Records Management Program for further details about debt service.)

Funding: The program is funded by a state special revenue account which charges fees for publication of the Administrative Rules of Montana and its updates and related publications.

Difference From Executive: The only adjustments to the executive budget were to add $1,530 per year due to the elimination of vacancy savings and $3,168 in fiscal 1990 plus $6,454 in fiscal 1991 for the pay plan increase.

LEGISLATIVE ACTION

AGENCY: COMMISSIONER OF POLITICAL PRACTICES

PROGRAM: ADMINISTRATION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	3.00	3.00	3.00	0.00	3.00	3.00	0.00	0.00
Personal Services	$60,874	$ 77,824	$ 82,040	$4,216	$ 78,000	$ 85,062	$ 7,062	34.77
Operating Expenses	21,861	25,629	26,304	675	26,333	27,022	689	20.32
Equipment	2,104	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$84,839	$103,453	$108,344	$4,891	$104,333	$112,084	$ 7,751	27.71
FUNDING								
General Fund	$83,773	$103,193	$108,344	$5,151	$ 99,163	$112,084	$12,921	29.33
State Special Rev	1,066	260	0	(260)	5,170	0	(5,170)	(100.00)
TOTAL FUNDING	$84,839	$103,453	$108,344	$4,891	$104,333	$112,084	$ 7,751	27.71

Program Description: The purpose of the Commissioner of Political Practices Office is to establish consistent requirements for the full disclosure and reporting of the source and disposition of funds used in Montana to support or oppose state and local candidates, political committees, or political issues. The commissioner's office is also responsible for enforcing the election and campaign finance laws and the provisions of the Montana Lobbyist Disclosure Act. In addition, the commissioner is responsible for publishing and disseminating a number of election-related reports, forms, and manuals as provided in Title 13, Chapter 37, MCA.

Legislative Intent: Language is included in House Bill 100 to require recovery of costs of the election booklet published by the agency, as follows:

> The Commissioner of Political Practices is to charge a fee for the Summary of Contributions/Expenditures for Candidates/Committees booklet that is sufficient to recover the costs of printing and distribution of the booklet. Public libraries are exempt from the charge for the books. The proceeds from the sale of the booklet as well as the fees collected for reimbursement of copier charges must be deposited into the general fund.

Budget: The budget increases 27.7 percent from fiscal 1988 to fiscal 1990. Personal services increase due to an actual vacancy savings rate in fiscal 1988 of 18 percent while no vacancy savings is applied in the 1991 biennium, and the pay

plan. Operating expenses increase primarily due to an increase in contract legal services which were underexpended in fiscal 1988 and are at the fiscal 1988 appropriated level in fiscal 1990. When compared to the fiscal 1989 appropriation, there is no increase in the fiscal 1990 operating expense budget.

Funding: A state special revenue account used in the 1989 biennium to record receipts and pay expenses relating to the sale of photocopies and the post-election booklet was de-earmarked, and the revenues and appropriation were transferred to the general fund. This results in all agency operations being funded by general fund.

Difference From Executive: Legislative adjustments to the executive budget included the following increases: 1) $1,590 per year due to the elimination of vacancy savings; 2) $2,628 in fiscal 1990 and $5,470 in fiscal 1991 for the pay plan; and 3) $750 per year for a computer maintenance contract. A state special revenue account included in the executive budget for booklet and copy sales was de-earmarked and shifted to general fund.

LEGISLATIVE ACTION

AGENCY: STATE AUDITOR'S OFFICE

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	61.50	57.50	67.00	9.50	57.50	68.50	11.00	5.50
Personal Services	$1,385,224	$1,364,880	$1,705,232	$ 340,352	$1,366,331	$1,807,682	$ 441,351	23.10
Operating Expenses	846,987	978,460	1,153,809	175,349	850,527	814,030	(36,497)	36.23
Equipment	18,325	4,592	93,430	88,838	0	0	0	409.85
TOTAL EXPENSES	$2,250,536	$2,347,932	$2,952,471	$ 604,539	$2,216,858	$2,621,712	$ 404,854	31.19
FUNDING								
General Fund	$ 809,797	$ 949,209	$2,545,862	$1,596,653	$ 844,634	$2,215,095	$1,370,461	214.38
State Special Rev	1,440,739	1,398,723	406,609	(992,114)	1,372,224	406,617	($965,607)	(71.78)
TOTAL FUNDING	$2,250,536	$2,347,932	$2,952,471	$ 604,539	$2,216,858	$2,621,712	$ 404,854	31.19

Program Description: The State Auditor's Office, established by Article VI, Section 1 of the Montana Constitution, has statutory responsibility to superintend the fiscal concerns of the state, suggest plans for improvement and management of public revenues, keep an accounting system of all state funds, and pay into the state treasury all funds and fees received. The state auditor is both ex-officio commissioner of insurance and ex-officio securities commissioner. The state auditor is charged with the duty of licensing and regulating insurance companies and agents within the state. The state auditor is also assigned the responsibility of regulating and registering issuers, broker-dealers, and investment advisors, and licensing all securities salesmen. The auditor is the director of the central payroll system which is responsible for paying state employees.

The Office of the State Auditor is divided into four divisions: Central Management, Audit, Insurance, and Securities.

Budget: The budget provides for a 31.2 percent increase from fiscal 1988 to 1990, due to six program expansions totalling $466,000, the transfer of the bad debt collection function from the Department of Revenue to the State Auditor's Office, the addition of 1.00 FTE per House Bill 535 to implement medicare supplemental insurance, the pay plan increase, and biennial audit costs of $70,032 in fiscal 1990 as compared to one-year audit fees of $15,656 in fiscal 1988. Program expansions were approved in the Audit, Insurance, and Securities Divisions, and included warrant writing system processing cost increases, remodeling of the warrant writing system area, conversion of the Payroll/Personnel/Position

Control (PPP) System to on-line, inclusion of the vo-techs and university units in the state central payroll system, the addition of 5.00 FTE to the insurance regulatory staff (only 4 of the positions were funded), and the first phase of an in-house computer system replacement. Details of the program expansions are provided in the program narratives. The addition of 6.00 FTE in the Insurance Division and the transfer of 1.50 FTE from the Department of Revenue for the bad debts collection function are partially offset by the elimination of 2.00 FTE in the Audit Division due to cost savings resulting from installation of a new warrant writing system in fiscal 1989.

Funding: Funding is provided by general fund with the exception of state special revenue generated by service charges against non-general fund programs for the central payroll function in the Audit Division. The Insurance and Securities Programs were funded by state special revenue funds in the 1989 biennium, but those accounts were de-earmarked by Senate Bill 78 in the 1989 session. The appropriation authority and revenues were transferred to the general fund, resulting in the large increase in general fund and corresponding decrease in state special revenue. General fund increases 58 percent in fiscal 1990 due to program expansions, with the remainder of the 214 percent increase due to the de-earmarking of the insurance and securities regulatory accounts.

LEGISLATIVE ACTION

AGENCY: STATE AUDITOR'S OFFICE — PROGRAM: CENTRAL MANAGEMENT

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	8.00	8.00	8.00	0.00	8.00	8.00	0.00	0.00
Personal Services	$195,872	$200,206	$210,830	$10,624	$200,271	$218,793	$18,522	7.64
Operating Expenses	33,075	20,168	21,100	932	16,683	17,608	925	(36.21)
Equipment	495	459	459	0	0	0	0	(7.27)
TOTAL EXPENSES	$229,442	$220,833	$232,389	$11,556	$216,954	$236,401	$19,447	1.28
FUNDING								
General Fund	$229,442	$220,833	$232,389	$11,556	$216,954	$236,401	$19,447	1.28

Program Description: The Central Management Division of the State Auditor's Office is responsible for centralized services, including personnel, payroll, accounting, data processing assistance, mail service, and administrative and budgeting functions for the agency.

Budget: The budget provides for a 1.3 percent increase from fiscal 1988 to 1990. Personal services increase 7.6 percent due to an actual vacancy savings rate of 5.1 percent as compared to no vacancy savings budgeted in the 1991 biennium, and the pay plan increase. Operating expenses decrease 36.2 percent due to a $13,300 overexpenditure of postage costs in fiscal 1988 that should have been charged to the Audit Program. Equipment budgeted is for office equipment.

Funding: The Central Management Program is funded entirely by general fund.

Difference From Executive: The only adjustments to the executive budget were to add $3,300 per year due to the elimination of vacancy savings, $7,346 in fiscal 1990 plus $15,224 in fiscal 1991 for the pay plan increase, and $900 per year in minor adjustments to operating expenses.

LEGISLATIVE ACTION

AGENCY: STATE AUDITOR'S OFFICE

PROGRAM: AUDIT DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	19.50	16.50	19.00	2.50	16.50	20.50	4.00	(0.50)
Personal Services	$ 415,423	$ 370,732	$ 447,092	$ 76,360	$ 371,170	$ 503,567	$ 132,397	7.62
Operating Expenses	592,435	742,433	925,381	182,948	649,665	614,113	(35,552)	56.20
Equipment	5,234	654	53,973	53,319	0	0	0	931.20
TOTAL EXPENSES	$1,013,092	$1,113,819	$1,426,446	$312,627	$1,020,835	$1,117,680	$ 96,845	40.80
FUNDING								
General Fund	$ 580,355	$ 728,376	$1,019,837	$291,461	$ 627,680	$ 711,063	$ 83,383	75.73
State Special Rev	432,737	385,443	406,609	21,166	393,155	406,617	13,462	(6.04)
TOTAL FUNDING	$1,013,092	$1,113,819	$1,426,446	$312,627	$1,020,835	$1,117,680	$ 96,845	40.80

Program Description: The Audit Program is comprised of two divisions: Fiscal Management Division and Central Payroll Division. The Fiscal Management Division is responsible for preparing and mailing state warrants and for depositing all monies received by the state auditor. The Central Payroll Division is responsible for preparing the state payroll for all state agencies. This division is responsible for maintaining the data base for the Payroll/Personnel/Position Control System (PPP), which is an integrated data base system incorporating all the requirements and data elements of three systems: payroll, personnel, and position control.

Budget: The budget provides for an increase of 40.8 percent from fiscal 1988 to fiscal 1990 for a number of reasons, discussed below.

Personal services increase 7.6 percent due to the transfer of 1.50 FTE in fiscal 1990 (increased to 3.00 FTE in fiscal 1991) from the Department of Revenue for the bad debts collection function, the pay plan increase, and an actual vacancy savings rate in fiscal year 1988 of 3.3 percent as compared to no vacancy savings budgeted in the 1991 biennium. This increase is partially offset by the elimination of 2.00 FTE at a $31,900 per year cost savings from the installation of a new warrant writing system.

Operating expenses increase a net 56.2 percent after several increases and decreases, explained below:

1) Warrant writing system and P/P/P system operating costs increase $304,500 in fiscal 1990 and $83,500 in fiscal 1991 as a result of program expansions discussed below.

2) Postage costs increase $72,000 per year. Over $62,000 per year of the increase is due to reallocation of postage costs in other agency programs to the Audit Program that were not being charged to the proper program nor in some cases to the proper fund.

3) Legislative audit fees for central payroll and warrant writing system audits increase $40,342 in fiscal 1990 only over fiscal 1988 expenditures.

4) One-time expenditures in fiscal 1988, including $26,942 for design and installation of a new warrant writing system and $14,050 for an overaccrual, are not included in the fiscal 1990 budget.

5) Inflation and deflation factors applied to computer processing and other cost categories resulted in a net decrease of over $25,000 in fiscal 1990 (over $35,000 in fiscal 1991).

Equipment allowances in fiscal 1990 include $36,989 for warrant writing system remodeling, $12,000 for the PPP On-Line conversion, $4,330 for equipment for the bad debt collection function transferred from the Department of Revenue, and $654 for office equipment.

Program Expansions:

1. Warrant Writing System Processing Costs - Operating expenses increase $82,500 (general fund) per year due to installation of a new warrant writing system in fiscal 1989. The increases are primarily in computer processing and system development costs. This expenditure is line-itemed in the general appropriations bill.

2. Remodel Warrant Writing System Area - A modified request of $41,989 in fiscal 1990 and $1,000 (general fund) in fiscal 1991 was approved for renovation of office spaces for the new warrant writing system, including air conditioning of the space and construction of walls. This expenditure is line-itemed in the general appropriations bill, and is a one-time expense.

3. P/P/P On-Line Conversion - A modified request of $204,000 general fund in fiscal 1990 was approved for conversion of the Payroll/Personnel/Position Control system to an on-line system. The conversion will enable direct input by agencies of bi-weekly payroll information by computer and eliminate the need for paper input. It results in elimination of 2.00 FTE in the Information Services Division in fiscal 1991 and should result in additional savings of 1.75 FTE payroll clerks in the State Auditor's Office when the system is fully on-line. Operating costs will increase. This expenditure is line-itemed in the general appropriations bill, and is a one-time expense.

4. P/P/P for Vo-Techs/Universities - The legislature approved $25,000 in fiscal 1990 as a one-time cost to implement the provisions of House Bill 26, which requires the State Auditor to add the vocational-technical centers and the units of the university system to the state central payroll system during the 1991 biennium.

Funding: The program obtains funds in the form of payroll service fees from agency non-general fund operations. These fees are deposited into the state special revenue central payroll operating fund. There is a direct appropriation from the general fund for payroll services to general funded employees. The warrant writing system is supported by general fund. General fund increases over 75 percent in fiscal 1990 due to the four program expansions discussed above, the transfer of the bad debt collection function, the pay plan increase, and audit cost increases. State special revenue funds decrease 6 percent as compared to fiscal 1988, as an existing fund balance of over $200,000 from the Central Payroll account was used to offset general fund in the 1989 biennium. A balance of $15,650 is used to offset general fund in fiscal 1990.

Other Legislation:

1. House Bill 605 - State Debt Collection Service - The legislature approved an act to transfer the state debt collection service from the Department of Revenue to the State Auditor's Office. The transfer is due to the installation of the new warrant writing system which provides a new offset function, enabling access to all state warrants instead of only tax refunds for collection effort. The transfer of appropriation authority of $42,566 in fiscal 1990 and $76,471 in fiscal 1991 was included in the general appropriations act and included the transfer of 1.50 FTE in fiscal 1990, increasing to 3.00 FTE in fiscal 1991.

Difference From Executive: Legislative adjustments to the executive budget include the following: 1) an increase of $7,575 per year due to the elimination of vacancy savings; 2) $16,224 in fiscal 1990 and $36,385 in fiscal 1991 for the pay plan increase; 3) an increase of $17,000 per year to add 1.00 FTE for the new warrant writing system that had been removed from the executive budget as an anticipated cost savings; 4) the removal of $14,000 per year due to an overaccrual in the base year; 5) the addition of $42,566 in fiscal 1990 and $76,471 in fiscal 1991 for the transfer of the bad debts collection function from the Department of Revenue to the State Auditor; 6) an increase of $270,989 in fiscal 1990 and $1,000 in fiscal 1991 for the warrant system remodeling and PPP program expansions not included in the executive budget; and 7) a reduction of $27,500 per year in the executive recommendation for program expansions in warrant writing system processing costs.

LEGISLATIVE ACTION

AGENCY: STATE AUDITOR'S OFFICE — PROGRAM: INSURANCE DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	25.00	24.00	31.00	7.00	24.00	31.00	7.00	6.00
Personal Services	$547,800	$569,835	$809,049	$ 239,214	$570,454	$838,295	$ 267,841	47.69
Operating Expenses	171,880	169,143	150,311	(18,832)	140,544	141,413	869	(12.55)
Equipment	7,143	2,029	10,548	8,519	0	0	0	47.67
TOTAL EXPENSES	$726,823	$741,007	$969,908	$ 228,901	$710,998	$979,708	$268,710	33.44
FUNDING								
General Fund	$ 0	$ 0	$969,908	$ 969,908	$ 0	$979,708	$ 979,708	0.00
State Special Rev	726,823	741,007	0	(741,007)	710,998	0	(710,998)	(100.00)
TOTAL FUNDING	$726,823	$741,007	$969,908	$ 228,901	$710,998	$979,708	$ 268,710	33.44

Program Description: The Insurance Division is responsible for regulating activities related to the insurance industry in the state. The duties of the division include licensing of insurance agents, monitoring of trade practices and insurance rates, and the investigation of insurance-related consumer complaints. Section 33-30-105, MCA, requires the audit of non-profit health service organizations once every four years.

Budget: The budget provides for a 33.4 percent increase from fiscal 1988 to 1990, primarily due to the addition of 5.00 FTE for insurance regulation, 1.0 FTE as a one-time cost to implement the Medicare Supplemental Insurance Act (House Bill 535), and a high vacancy savings in fiscal 1988.

Personal services increase 47.7 percent due primarily to: 1) the addition by a modified request of 5.00 FTE for increased insurance regulation (only 4 of the added positions were funded) at a cost of $110,000 per year; 2) an increase in the base salary for a 1.00 FTE actuary position to $60,000 per year (a $20,000 increased cost in salary and benefits); 3) the addition of 1.0 FTE to implement the Medicare Supplemental Insurance Act; 4) the pay plan increase; and 5) an actual vacancy savings rate of 16.8 percent in fiscal 1988 as compared to no vacancy savings budgeted in the 1991 biennium. The added positions are discussed under program expansions and other legislation below.

Operating expenses decrease a net 12.6 percent as a result of several increases and decreases, discussed below:

1) A decrease of $35,000 for an overexpenditure of postage costs that should have been charged to other programs.

2) A decrease of $5,800 for an overexpenditure in the "other" expense category over the amount budgeted in fiscal 1988.

3) An annual increase of $9,300 for operating expenses related to the addition of 5.00 FTE for expanded insurance regulation.

4) A $9,300 increase in audit fees in fiscal 1990 over fiscal 1988 levels.

Equipment allowances in fiscal 1990 are for office equipment, including $5,300 for the 5.00 FTE added for insurance regulation, and $3,200 for the 1.00 FTE added for implementation of the Medicare Supplemental Insurance Act.

Program Expansion:

1. Additional Insurance Regulatory Staff - A modified request of $124,863 in fiscal 1990 and $119,588 in fiscal 1991 was approved to add 5.00 FTE to the insurance regulatory staff, including an insurance investigator, a criminal investigator, a financial examiner, an attorney, and an administrative assistant. Although 5.00 FTE were authorized, funding was added for only 4.00 FTE.

Funding: The Insurance Division is funded in the 1989 biennium by the Insurance Regulatory State Special Revenue Account, which receives fee and license revenues from regulated insurance companies. The special revenue account was de-earmarked by the 1989 legislature with passage of Senate Bill 78, and all appropriation authority and revenues are transferred to the general fund for the 1991 biennium.

Other Legislation:

1. House Bill 535 - Medicare Supplemental Insurance - The legislature approved an act revising the medicare supplement insurance minimum standards to comply with the federal medicare catastrophic coverage act of 1988. House Bill 535 appropriated $25,891 in fiscal 1990 and $22,697 in fiscal 1991 from general fund to hire 1.00 FTE as a one-time expense to review medicare supplemental insurance advertising, assist in preparation of a buyer's guide, and monitor compliance with regulations.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $11,600 per year due to the elimination of vacancy savings; 2) $26,348 in fiscal 1990 and $54,767 in fiscal 1991 for the pay plan increase; 3) an increase of $69,000 per year for an actuary position that had been removed from the executive budget; 4) an increase of $124,900 in fiscal 1990 and $119,600 in fiscal 1991 for a program expansion of 5.00 FTE per year for insurance regulation; 5) increases of $25,900 in fiscal 1990 and $22,700 in fiscal 1991 to add 1.00 FTE to implement House Bill 535; 6) a reduction of $20,000 in fiscal 1990 for contract actuarial services; 7) a reduction of $6,200 per year in dues, training, and other operating expenses; and 8) the elimination of $3,000 per year for room partitions. A state special revenue fund appropriation in the executive budget for the operation of this program was shifted to general fund as a result of de-earmarking the insurance regulation account.

AGENCY: STATE AUDITOR'S OFFICE

LEGISLATIVE ACTION

PROGRAM: SECURITIES DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	9.00	9.00	9.00	0.00	9.00	9.00	0.00	0.00
Personal Services	$226,129	$224,107	$238,261	$ 14,154	$224,436	$247,027	$ 22,591	5.37
Operating Expenses	49,597	46,716	57,017	10,301	43,635	40,896	(2,739)	14.96
Equipment	5,453	1,450	28,450	27,000	0	0	0	421.73
TOTAL EXPENSES	$281,179	$272,273	$323,728	$ 51,455	$268,071	$287,923	$ 19,852	15.13
FUNDING								
General Fund	$ 0	$ 0	$323,728	$ 323,728	$ 0	$287,923	$ 287,923	0.00
State Special Rev	281,179	272,273	0	(272,273)	268,071	0	(268,071)	(100.00)
TOTAL FUNDING	$281,179	$272,273	$323,728	$ 51,455	$268,071	$287,923	$ 19,852	15.13

Program Description: The Securities Division is responsible for the administration of the Securities Act of Montana as provided in Title 30, Chapter 10, MCA. The division carries out licensing, regulation, and enforcement duties related to securities and investments.

Legislative Intent: Language is included in House Bill 100 as follows:

> The appropriation in item 4c is for a computer system. The agency must follow the system design recommendation approved by the Information Services Division of the Department of Administration.

The language quoted above was included as part of a modified request approval of a $40,000 biennial, line-itemed appropriation for new computer equipment. The language was inserted to require the use of the Information Services Division for system design and for approval of the final specific design system by the Information Services Division before purchase and installation. It is also the intent to allow the State Auditor to use the current computer system as a trade-in toward the purchase of a new system within existing property disposal and appropriation regulations.

Budget: The budget provides for a 15.1 percent increase from fiscal 1988 to 1990, primarily due to an approved modified of $40,000 for a computer system replacement. Personal services increase 5.4 percent due largely to an actual vacancy savings rate of 5.9 percent in fiscal 1988 as compared to no vacancy savings budgeted in the 1991 biennium,

and the pay plan increase. Operating expenses increase $13,000 for the computer replacement project discussed under program expansions below, and $3,200 for an audit increase in fiscal 1990 only. These increases are partially offset by a decrease of $8,100 due to an overexpenditure of postage costs in fiscal 1988 that should have been charged to other programs. Equipment in fiscal 1990 includes $27,000 for the computer replacement project and $1,450 for office equipment.

Program Expansion:

1. Computer System Replacement - A modified request for a biennial, line-itemed appropriation of $40,000 in fiscal 1990 was approved for the first phase of a replacement of the current agency computer network system.

Funding: The Securities Division is funded in the 1989 biennium by the Securities Regulatory State Special Revenue Account, which receives fees from regulated securities companies. The special revenue account was de-earmarked by the 1989 legislature with passage of Senate Bill 78, and all appropriation authority and revenues are transferred to the general fund for the 1991 biennium.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $4,600 per year due to the elimination of vacancy savings; 2) $7,822 in fiscal 1990 and $16,252 in fiscal 1991 for the pay plan increase; 3) an increase of $40,000 in fiscal 1990 for replacement of the agency computer system; 4) an increase of $1,760 per year in salaries; and 5) the elimination of $3,000 per year for room partitions. A state special revenue fund appropriation in the executive budget for the operation of this program was shifted to general fund as a result of de-earmarking the securities regulation account.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE — PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	561.10	558.85	600.00	41.15	560.85	598.50	37.65	38.90
Personal Services	$14,910,815	$15,558,270	$17,533,848	$ 1,975,578	$15,614,898	$18,121,559	$ 2,506,661	17.59
Operating Expenses	5,091,036	5,592,454	6,206,751	614,297	5,428,044	5,975,023	546,979	21.92
Equipment	1,384,605	1,053,133	1,690,430	637,297	946,195	1,332,320	386,125	22.09
Non-Operating	248,000	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$21,634,456	$22,203,857	$25,431,029	$ 3,227,172	$21,989,137	$25,428,902	$ 3,439,765	17.55
FUNDING								
General Fund	$ 5,113,962	$ 4,967,212	$10,231,473	$ 5,264,261	$ 4,809,013	$10,442,391	$ 5,633,378	100.07
State Special Rev	14,662,380	15,150,354	13,367,052	(1,783,302)	15,072,418	13,354,998	(1,717,420)	(8.83)
Federal & Other Revenue	1,416,783	1,198,396	1,300,080	101,684	1,202,876	1,034,951	(167,925)	(8.24)
Proprietary	441,331	887,895	532,424	(355,471)	904,830	596,562	(308,268)	20.64
TOTAL FUNDING	$21,634,456	$22,203,857	$25,431,029	$ 3,227,172	$21,989,137	$25,428,902	$ 3,439,765	17.55

Program Description: The Department of Justice, under the direction of the Attorney General, is responsible for state law enforcement and public safety. The duties of the department include the following: 1) attend the Supreme Court; 2) exercise supervisory powers over county attorneys in all matters pertaining to the duties of their offices; 3) assist county attorneys in the discharge of their duties; 4) give legal opinions; 5) enforce Montana traffic laws and register all motor vehicles; and 6) enforce state fire safety codes and regulations.

Budget: The budget for the Department of Justice provides for a 17.6 percent increase from fiscal 1988 to 1990, due primarily to $792,086 in program expansions shown in Table 1 below, the addition of the new Gambling Control Division, the pay plan increase, and to an actual vacancy savings rate for the agency of over 4 percent as compared to no vacancy savings budgeted in the 1991 biennium. Other significant increases include: 1) over $300,000 in the Highway Patrol Division due to increased workers' compensation rates, equipment replacement, and a return to a normal level of operations after reductions in fiscal 1988 due to difficulty in recruiting trained personnel replacements; 2) the addition of 3.00 FTE in the Motor Vehicle Registrar Program ($45,000) in fiscal 1989 as approved by the 1987 legislature; 3) increased usage and operating costs of the Criminal Justice Information Network (CJIN), to be paid from the state special revenue fund by increased user fees; 4) full-year operation of the drug enforcement (Special Investigation - West)

program as compared to only an eight-month operation of the program in fiscal 1988, the initial year for the program, a $60,000 increase; and 5) the inclusion of the $100,000 biennial appropriation in fiscal 1990 for the Indian Legal Jurisdiction Program, as compared to an expenditure of $58,700 in fiscal 1988.

Total FTE for the Department of Justice increase a net 38.90 after increases of 13.00 for the program expansions discussed below, 29.0 for the new Gambling Control Division, 6.10 for additions in fiscal 1989 as approved by the 1987 legislature, and 0.45 in the County Attorney Payroll Program due to the expansion of some county attorney positions from part-time to full-time. Partially offsetting decreases include the elimination of 2.50 temporary FTE in fiscal 1988 for budget amendments, a reduction of 2.15 FTE due to vacancies for an extended period of time, and the elimination of 5.00 FTE due to program reductions, primarily in federally funded programs.

Program Expansions: The legislature approved 14 program expansions as shown in Table 1 below. The expansions are discussed in more detail in the program narratives.

Table 1
Department of Justice
Program Expansions - 1991 Biennium

Title	Program	FTE	Fiscal 1990	Fiscal 1991	Fund
Water Rights Attorney	Legal Services Division	1.00	$ 45,000	$ 45,000	General
Additional Legal Staff	Agency Legal Services	1.50*	53,087	112,310	Proprietary
Commercial Vehicle Operators' License - Phase II	Driver Services Bureau	--	103,131	82,424	Federal
Communications System Tech.	Highway Patrol - Operations	2.00	102,764	82,764	SSR
Additional Cadets, FY90	Highway Patrol - Cadets	2.50**	56,695	-0-	SSR
Additional Dispatchers	Highway Patrol - Communications	2.00	33,900	33,900	SSR
Command School	Law Enforcement Academy	--	90,000	-0-	Federal
Coroner Training	Law Enforcement Academy	--	956	5,081	General
General Investigator	Criminal Investigators	1.00	52,815	40,839	General
Work. Comp. Fraud Investigator	Criminal Investigators	1.00	46,314	35,971	SSR
West Wing Expansion	Forensic Science Division	--	62,400	8,400	General
Intoxilizer Machines	Forensic Science Division	--	60,000	48,000	Federal
DUI Scientist	Forensic Science Division	1.00	32,424	32,424	SSR
Crime Lab Manager	Forensic Science Division	1.00	52,600	53,900	General
Total		13.00	$792,086	$581,013	

* 2.00 Additional FTE in Fiscal 1991
**Fiscal 1990 only

Funding: The general fund provides 40 percent of the agency fiscal 1990 budget, and supports all or part of 16 programs, including Legal Services Division, Indian Legal Jurisdiction, County Prosecutor Services, Driver Services Bureau, Motor Vehicle Registrar, Law Enforcement Services Administration, County Attorney Payroll, Law Enforcement Academy, Fire Marshal Bureau, Identification Bureau, Criminal Investigation Bureau, Special Investigation-West, Central Services Division, Data Processing, Transportation and Extradition of Prisoners, and the Forensic Science Program. General fund increases over 100 percent due primarily to the de-earmarking of the motor vehicle state special revenue account by the 1989 legislature. The motor vehicle account funded all or part of seven programs in the Department of Justice in the 1989 biennium. Appropriation authority of $4.4 million in fiscal 1990 and $4.5 million in fiscal 1991 as well as motor vehicle fee revenues are transferred to the general fund in the 1991 biennium. Revenues to the general fund will exceed appropriations by up to an estimated $4.3 million, dependent upon passage of several revenue bills increasing motor vehicle fees by the 1989 legislature. The increase in general fund for the department is partially offset by a reduction in general fund for the Central Services Division, which went from full general fund support in the 1989 biennium to an allocation from the three major fund sources in the department in the 1991 biennium. This shift resulted in a general fund savings of $510,000 for the biennium.

State special revenue funds provide 53 percent of total funding for the Department of Justice in fiscal 1990. The majority of the state special revenue funds come from the highways state special revenue account (Highway Patrol and Central Services Divisions). State special revenue funds decrease 9 percent from fiscal 1988 to 1990 primarily due to the de-earmarking of the motor vehicle account, partially offset by the shift from general fund support for the Central Services Division to an allocation method from the three major funds (50.5 percent from state special revenue funds).

Federal funds provide 5 percent of total funding in fiscal 1990. Federal funds increase due primarily to the three program expansions shown in Table 1 that are federally funded, but the increase is more than offset by the elimination of federal funds for various budget amendments in fiscal 1988, the elimination of federal funds for the Criminal Investigators Bureau, and the transfer of funding for the Special Investigations-East Program from the federal and other funds category to state special revenue funds as a result of passage of Senate Bill 80, which eliminates the other special revenue category in the state accounting system.

Other revenues in the 1991 biennium are proprietary funds, and provide 2 percent of total agency funds. The proprietary funds are for the operation and central services support of Agency Legal Services.

AGENCY: DEPARTMENT OF JUSTICE

LEGISLATIVE ACTION

PROGRAM: LEGAL SERVICES DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	19.00	19.50	20.50	1.00	19.50	20.50	1.00	1.50
Personal Services	$668,859	$694,124	$771,154	$ 77,030	$695,608	$796,335	$100,727	15.29
Operating Expenses	133,851	158,720	181,658	22,938	147,204	134,448	(12,756)	35.72
Equipment	1,149	0	19,450	19,450	0	13,000	13,000	1,592.78
TOTAL EXPENSES	$803,859	$852,844	$972,262	$119,418	$842,812	$943,783	$100,971	20.95
FUNDING								
General Fund	$781,823	$828,925	$937,262	$108,337	$818,923	$943,783	$124,860	19.88
State Special Rev	22,036	23,919	0	(23,919)	23,889	0	(23,889)	(100.00)
Federal and Other Rev	0	0	35,000	35,000	0	0	0	--
TOTAL FUNDING	$803,859	$852,844	$972,262	$119,418	$842,812	$943,783	$100,971	20.95

Program Description: The Legal Services Division provides the Attorney General with legal research and analysis; provides legal counsel for state government officials, bureaus, and boards; represents Montana's interests in cases before state and federal courts, anti-trust cases, and cases involving property that reverts to the state in the absence of legal heirs; interprets laws; provides legal assistance to local governments on bond issues and other matters; and enforces the laws relating to the reporting and collection of unclaimed property owing to persons who cannot be located.

Budget: Current level provides for a 20.9 percent increase from fiscal 1988 to fiscal 1990, primarily due to the addition of 1.50 FTE and a larger equipment budget in the 1991 biennium.

Personal services increase due to the transfer of 0.50 FTE late in fiscal 1988 from the Driver Services Bureau to add a legal secretary position, the addition of a 1.00 FTE water rights attorney discussed under program expansions below, the pay plan increase, and the elimination of vacancy savings in the 1991 biennium, compared to actual vacancy savings of 4.6 percent in fiscal 1988. Operating expenses increase due primarily to increases in travel costs. Operating costs are higher in fiscal 1990 due to the biennial printing cost of attorney general opinions, a one-time cost to retain private legal counsel for one case, and a biennial appropriation of $35,000 from oil overcharge funds to pay attorney's fees and costs incurred in recovering those funds. Equipment funded in current level includes $4,850 in fiscal 1990 for computers, $1,600 in fiscal 1990 for office equipment, and $13,000 per year for replacement of the agency word processing system.

Program Expansion:

1. Water Rights Attorney - The legislature approved a modified request of $45,000 per year to add a 1.00 FTE water rights attorney. The attorney will coordinate all matters relating to the negotiation or litigation of federally reserved water rights.

Funding: In fiscal 1988, an escheated estates state special revenue fund paid part of the costs of an attorney and related operating expenses for assisting the Department of Revenue in enforcing the laws and collecting unclaimed property from financial institutions. The legislature de-earmarked the account in the 1991 biennium, and transferred spending authority and revenues to the general fund. The entire budget is now general fund, except for the biennial appropriation of $35,000 from oil overcharge federal special revenue funds.

Other Legislation:

1. House Bill 563 - Oil Overcharge Funds - The legislature approved an act appropriating oil overcharge funds for programs administered by the state, including a biennial appropriation of $35,000 federal special revenue to the Department of Justice for attorney fees and costs incurred in connection with recovering stripper well payments.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $13,100 per year due to the elimination of vacancy savings; 2) $21,967 in fiscal 1990 and $45,634 in fiscal 1991 for the pay plan increase; 3) a reduction of $14,000 in fiscal 1990 and $12,800 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; 4) the addition of $45,000 per year for a water rights attorney; 5) a reduction of $4,560 per year for proposed increases in legal research database costs and National Association of Attorney Generals dues; 6) an increase of $3,000 per year for travel costs; 7) the addition of $35,000 of oil overcharge funds for attorney's fees and court costs; 8) an additional $6,450 in fiscal 1990 for computers and office equipment; and 9) an additional $13,000 per year for replacement of the agency word processing system. A state special revenue fund appropriation of $23,500 per year in the executive budget was shifted to general fund as a result of de-earmarking the escheated estates state special revenue account.

AGENCY: DEPARTMENT OF JUSTICE

LEGISLATIVE ACTION

PROGRAM: INDIAN LEGAL JURISDICTION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	2.00	2.00	2.00	0.00	2.00	2.00	0.00	0.00
Personal Services	$ 60,256	$ 60,340	$ 63,539	$3,199	$60,368	$65,682	$5,314	5.45
Operating Expenses	66,119	105,815	105,965	150	5,736	5,973	237	60.26
TOTAL EXPENSES	$126,375	$166,155	$169,504	$3,349	$66,104	$71,655	$5,551	34.13
FUNDING								
General Fund	$126,375	$166,155	$169,504	$3,349	$66,104	$71,655	$5,551	34.13

Program Description: The Indian Legal Jurisdiction Program provides representation and coordination of trial and appellate lawsuits involving the State of Montana and the Indian tribes, supervision of private attorneys contracted by the state to assist with those cases, and advice to state agencies on questions involving Indian legal matters.

Budget: The budget shows a 34.1 percent increase from fiscal 1988 to fiscal 1990, but the increase is misleading due to inclusion of a line-itemed, biennial appropriation in fiscal 1990. When comparing the 1989 biennium to the 1991 biennium, the budget is flat. Personal services increase slightly due to no vacancy savings budgeted in fiscal 1990 compared to actual vacancy savings of 4 percent in fiscal 1988, and the pay plan increase. Operating expenses show a significant increase due to the biennial appropriation for legal fees, expert witnesses, and other court costs. The biennial appropriation is the same in both the 1989 and 1991 bienniums, $100,000, which is the majority of operating expenses. The agency expended $58,680 of the biennial appropriation in fiscal 1988. The entire $100,000 biennial appropriation is shown in fiscal 1990 for the 1991 biennium.

Funding: The Indian Legal Jurisdiction Program is funded from the general fund.

Difference From Executive: Adjustments to the executive budget included: 1) an increase of $1,230 per year due to the elimination of vacancy savings; 2) $1,968 in fiscal 1990 and $4,082 in fiscal 1991 for the pay plan increase; 3) a reduction of $1,200 in fiscal 1990 and $1,100 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; and 4) an increase of $1,400 per year for travel costs.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: COUNTY PROSECUTOR SERVICE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	3.00	3.00	3.00	0.00	3.00	3.00	0.00	0.00
Personal Services	$117,245	$117,020	$121,024	$ 4,004	$117,185	$124,907	$ 7,722	3.22
Operating Expenses	19,956	22,759	20,360	(2,399)	22,642	20,420	(2,222)	2.02
TOTAL EXPENSES	$137,201	$139,779	$141,384	$ 1,605	$139,827	$145,327	$ 5,500	3.05
FUNDING								
General Fund	$137,201	$139,779	$141,384	$ 1,605	$139,827	$145,327	$ 5,500	3.05

Program Description: The County Prosecutor Services Program provides legal assistance to counties in the prosecution and disposition of major felonies and in cases in which county attorneys have conflicts of interest. The program also coordinates training and continuing legal education for county attorneys, city attorneys, and law enforcement personnel.

Budget: The budget reflects the agency's current level request, and is at fiscal 1988 base levels, plus inflation and the pay plan increase.

Funding: The County Prosecutor Service Program is funded by the general fund.

Difference From Executive: The only adjustments to the executive budget were an increase of $530 per year due to the elimination of vacancy savings, $3,475 in fiscal 1990 plus $7,192 in fiscal 1991 for the pay plan increase, and a reduction of $2,450 in fiscal 1990 and $2,275 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: AGENCY LEGAL SERVICES

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	10.00	11.50	11.50	0.00	13.50	13.50	3.50	1.50
Personal Services	$351,675	$387,894	$407,944	$ 20,050	$438,889	$476,206	$37,317	16.00
Operating Expenses	82,079	103,788	97,797	(5,991)	113,608	107,468	(6,140)	19.15
Equipment	7,084	18,216	18,216	0	3,605	4,725	1,120	157.14
TOTAL EXPENSES	$440,838	$509,898	$523,957	$ 14,059	$556,102	$588,399	$32,297	18.85
FUNDING								
Proprietary Fund	$440,838	$509,898	$523,957	$ 14,059	$556,102	$588,399	$32,297	18.85

Program Description: The Agency Legal Services Program provides legal services to state agencies upon request. Agencies are billed for attorney time and case-related costs to support the program.

Budget: The budget provides for an 18.9 percent increase from fiscal 1988 to 1990, and a higher increase in fiscal 1991, due primarily to the approval of a modified request for an increase in the legal services staff, described below. Prior to inclusion of the modified request and the pay plan increase, total current level expenditures in the 1991 biennium were at fiscal 1988 base levels.

Program Expansion:

1. Additional Legal Services Staff - The legislature approved a modified request for additional staff for the program of 1.50 FTE in fiscal 1990 and 3.50 FTE in fiscal 1991, including 2.00 attorney positions and 1.50 FTE legal secretary positions. The additional spending authority of $53,087 in fiscal 1990 and $112,310 in fiscal 1991 for the increased staff is expected to be absorbed by additional revenues generated from increased caseloads, and retaining the current billing rate of $48 per hour charged to client agencies. The caseload demand currently exceeds the capability of the current staff, and by adding staff and eliminating the need to refer cases to outside counsel at higher hourly rates, the increase in staff should result in savings of state funds.

Funding: Agency Legal Services is a proprietary fund operation. The source of revenue is an hourly fee charged to user agencies for its services. The hourly fee in fiscal 1988 was $48, and the agency indicated that they intend to maintain that fee level in the 1991 biennium.

Difference From Executive: Adjustments to the executive budget include: 1) an increase of $7,000 per year due to the elimination of vacancy savings; 2) $12,134 in fiscal 1990 plus $28,967 in fiscal 1991 for the pay plan increase; 3) a reduction of $7,700 in fiscal 1990 and $7,100 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; and 4) an increase of $2,650 per year for travel costs.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: GAMBLING CONTROL DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	0.00	0.00	29.00	29.00	0.00	29.00	29.00	29.00
Personal Services	$0	$0	$ 797,768	$ 797,768	$0	$ 817,634	$ 817,634	--
Operating Expenses	0	0	617,580	617,580	0	614,396	614,396	--
Equipment	0	0	190,874	190,874	0	91,022	91,022	--
TOTAL EXPENSES	$0	$0	$1,606,222	$1,606,222	$0	$1,523,052	$1,523,052	--
FUNDING								
State Special Rev	$0	$0	$1,606,222	$1,606,222	$0	$1,523,052	$1,523,052	--

Program Description: The Gambling Control Division is responsible for licensure, regulation, and enforcement of gambling activities in the State of Montana. A gaming advisory council of nine members provides advisory services to the Attorney General to ensure uniform statewide regulation of gambling activities. The division has criminal justice authority, and conducts field routine inspections and investigations for irregularities in gambling activities. In addition to collecting licensing fees for gambling machines and activities, the division is also responsible for collection and distribution of the gambling tax assessed on the net proceeds of gambling activities.

Legislative Intent: The legislature included language in the general appropriations act providing that the Gambling Control Division (formerly the Video Gaming Bureau, Department of Commerce) may request budget amendments: 1) to incur expenses pursuant to agreements with other states to provide gaming machine testing and training services should such requests materialize; and 2) to implement the mandated federal requirements of regulation on Indian reservations.

The Fifty-first Legislature created the Gambling Control Division with enactment of Senate Bill 431, which generally revised the public gambling laws of Montana and provided for uniform statewide regulation of gambling under the supervision of the Attorney General. The Division will be created by executive order before October 1, 1989, transferring video gaming control functions from the Department of Commerce and enforcement functions from the Department of Revenue to the Department of Justice. The revised gambling laws take effect on October 1, 1989.

Budget: The budget for the new Gambling Control Division will consist of appropriations transferred from the Video Gaming Bureau of the Department of Commerce and the Investigation and Enforcement Division of the Department of Revenue, along with a direct new appropriation in Senate Bill 431 to the Department of Justice. The amounts of the

appropriations from the Departments of Commerce and Revenue will depend on the timing of the executive order creating the new division in the Department of Justice. The appropriation amounts in the main table and in Table 2 below assume the transfer will occur July 1, 1989, and that the full amount of the 1991 biennium appropriations for the gambling control functions will be transferred. Table 2 shows the FTE and the 1991 biennium appropriation by source for the new Gambling Control Division.

Table 2
Gambling Control Division - 1991 Biennium Appropriation

Source of Appropriation	FTE	Fiscal 1990	Fiscal 1991
Department of Commerce			
- Video Gaming Bureau - HB 100	13.0	$ 818,818	$ 796,335
Department of Revenue			
- Investigation and Enforcement Div. - HB 100	7.0	243,141	241,921
Senate Bill 431	9.0	527,081	449,081
House Bill 786 - Pay Plan	--	17,182	35,715
Total Appropriation	29.0	$1,606,222	$1,523,052

Funding: Funding for the program is from a portion of the revenues generated through licenses and permits for gambling operators, machines, and other gambling activities as well as license fees for video gambling machine manufacturer-distributors. The revenues are deposited into a state special revenue account to be used for costs related to operations of the Gambling Control Division and other distributions. Gambling taxes assessed on the net proceeds of gambling activities as well as a portion of license and permit fees are distributed by the division to counties and municipalities in which the gambling activity is located. A certain portion of net proceed taxes are deposited to the state general fund.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: DRIVER SERVICES BUREAU

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	89.70	86.05	87.05	1.00	86.05	86.05	0.00	(2.65)
Personal Services	$1,728,632	$1,775,810	$1,924,402	$ 148,592	$1,778,763	$1,990,184	$ 211,421	11.33
Operating Expenses	591,078	659,467	624,382	(35,085)	649,600	613,303	(36,297)	5.63
Equipment	111,635	7,000	131,821	124,821	7,000	117,356	110,356	18.08
TOTAL EXPENSES	$2,431,345	$2,442,277	$2,680,605	$ 238,328	$2,435,363	$2,720,843	$ 285,480	10.25
FUNDING								
General Fund	$1,814,601	$1,898,577	$2,401,498	$ 502,921	$1,848,663	$2,457,142	$ 608,479	32.34
State Special Rev	428,942	443,700	73,065	(370,635)	486,700	75,267	(411,433)	(82.97)
Federal Revenue	187,802	100,000	206,042	106,042	100,000	188,434	88,434	9.71
TOTAL FUNDING	$2,431,345	$2,442,277	$2,680,605	$ 238,328	$2,435,363	$2,720,843	$ 285,480	10.25

Program Description: The Driver Services Bureau is responsible for implementing and administering the laws relating to the examination, issuance, cancellation, suspension, revocation, and reinstatement of drivers' licenses and driving privileges.

Budget: The budget provides for a 10.3 percent increase from fiscal 1988 to fiscal 1990, due primarily to the addition of federal funds for implementation of the commercial vehicle operator's license program.

Personal services increase in the 1991 biennium due to actual vacancy savings of 8.5 percent in fiscal 1988 compared to no vacancy savings budgeted in fiscal 1990, and the pay plan increase. The increase is partially offset by fewer FTE in fiscal 1990. The 1987 legislature authorized 87.70 FTE in fiscal 1988, and 2.00 FTE were added for fiscal 1988 only by a budget amendment to implement administration of a reinstatement fee for DUI license suspensions or revocations. In fiscal 1989, 1.85 FTE were added as authorized by the 1987 legislature to further implement the new legislation discussed above. FTE levels were reduced in the 1991 biennium from fiscal 1989 levels by: 1) the transfer of 0.50 FTE in late fiscal 1988 to the Legal Services Division; 2) the elimination of 1.00 FTE by the agency; and 3) a reduction of 1.00 FTE by the legislature due to a vacancy in the position. An additional 1.00 FTE office clerk position will be eliminated in fiscal 1991 due to completion of a special project.

Operating expenses increase over fiscal 1988 base levels due to system inflation, rent and other service fee increases, and increased data processing and other costs related to implementation of a new commercial vehicle operator's license.

Equipment included in the budget is $34,608 in fiscal 1990 and $36,000 in fiscal 1991 to replace four vehicles per year, $7,000 per year to purchase four replacement computer terminals each year, and $13,213 in fiscal 1990 and $13,856 in fiscal 1991 to replace office equipment and license examination equipment, including eye test machines. The remaining $77,000 in fiscal 1990 and $60,500 in fiscal 1991 is for implementation of the commercial vehicle operator's license national communication system, funded by a federal grant.

Program Expansion:

1. CVOL Clearinghouse Grant - A modified request was approved to install the second phase of the commercial vehicle operator's license program, the Commercial Driver's License Information System, using federal funds. The information system is a national electronic communication system, which acts as a clearinghouse for checking to insure that a license applicant is eligible for a license. The system installation is funded by federal funds of $106,042 in fiscal 1990 and $88,434 in fiscal 1991.

Funding: The Driver Services Bureau is funded primarily by general fund. The program generates fees that exceed the amount appropriated for agency operating costs, although some of the proceeds are earmarked, and the amount returned to the general fund is less than the amount appropriated. In addition, the program is funded by state special revenue funds in each fiscal year of $43,000 for 3.33 percent of drivers' license fee collections, $25,000 for driver rehabilitation fees collected from individuals attending driver rehabilitation and improvement courses to defray course costs, and $3,000 for fees charged to recover costs of the Montana Highway Patrol Identification Card issues. State special revenue funds decrease 83.0 percent in the 1991 biennium due to the de-earmarking of the motor vehicle state special revenue account. The appropriation authority was transferred to the general fund in the 1991 biennium budget, resulting in the large increase in general fund.

Federal grant funds are all provided by the U.S. Department of Transportation, including $100,000 per year for administration of the commercial vehicle operators' license established in the 1989 biennium, and an additional $106,042 in fiscal 1990 and $88,434 in fiscal 1991 for the second phase of the program as discussed above. This level of funding for the new license compares to $152,875 expended in fiscal 1988. Additional federal funding in the 1989 biennium included $34,927 expended in fiscal 1988 for a budget amendment to implement administration of a license reinstatement fee for DUI related suspensions and revocations, and $15,000 in fiscal 1989 from a Highway Traffic Safety grant to improve the driver history record program.

Difference From Executive: Adjustments to the executive budget include: 1) an increase of $35,900 per year due to the elimination of vacancy savings; 2) $72,875 in fiscal 1990 plus $149,563 in fiscal 1991 for the pay plan increase; 3) a reduction of $42,800 in fiscal 1990 and $39,500 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; 4) an increase of $39,000 to restore 1.00 FTE removed from the executive budget; 5) a reduction of $14,100 in fiscal 1991 to eliminate a position that had been vacant for some time; 6) a reduction of $5,200 per year in overtime costs; 7) a reduction of $12,000 per year in rent increases for field examining stations; 8) equipment increases of $47,800 in fiscal 1990 and $49,900 in fiscal 1991 for vehicle, computer, and office equipment replacement; and 9) $103,131 in fiscal 1990 and $82,424 in fiscal 1991 for the CVOL Clearinghouse Grant program expansion. A state special revenue fund appropriation in the executive budget from the motor vehicle state special revenue fund was shifted to general fund as a result of de-earmarking that account.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: HIGHWAY PATROL DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	259.40	257.40	263.90	6.50	257.40	261.40	4.00	4.50
Personal Services	$ 7,473,931	$ 7,695,092	$ 8,226,056	$530,964	$ 7,689,116	$ 8,436,538	$747,422	10.06
Operating Expenses	1,708,866	1,965,954	1,909,618	(56,336)	1,934,423	1,913,067	(21,356)	11.75
Equipment	986,323	869,168	1,056,400	187,232	856,100	912,600	56,500	7.10
TOTAL EXPENSES	$10,169,120	$10,530,214	$11,192,074	$661,860	$10,479,639	$11,262,205	$782,566	10.06
FUNDING								
State Special Rev	$ 9,628,011	$10,075,153	$10,667,676	$592,523	$10,024,028	$10,744,353	$720,325	10.80
Federal Revenue	541,109	455,061	524,398	69,337	455,611	517,852	62,241	(3.09)
TOTAL FUNDING	$10,169,120	$10,530,214	$11,192,074	$661,860	$10,479,639	$11,262,205	$782,566	10.06

Program Description: The Montana Highway Patrol Division is responsible for patrolling the state highways, enforcing Montana traffic laws, and investigating traffic accidents. They give assistance and information to motorists and first aid to the injured, and transport blood and medical supplies in emergency situations.

Budget: The budget for the Highway Patrol Division provides for a 10.1 percent increase from fiscal 1988 to 1990. The main table shown above is a program summary, and the program is further detailed in the five sub-programs which follow.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE — PROGRAM: HIGHWAY PATROL OPERATIONS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	214.60	213.60	215.60	2.00	213.60	215.60	2.00	1.00
Personal Services	$6,568,618	$6,772,181	$7,173,028	$400,847	$6,765,739	$7,386,398	$620,659	9.20
Operating Expenses	1,472,775	1,688,952	1,604,216	(84,736)	1,657,803	1,602,331	(55,472)	8.92
Equipment	919,680	869,168	1,020,000	150,832	856,100	900,000	43,900	10.91
TOTAL EXPENSES	$8,961,073	$9,330,301	$9,797,244	$466,943	$9,279,642	$9,888,729	$609,087	9.33
FUNDING								
State Special Rev	$8,961,073	$9,330,301	$9,797,244	$466,943	$9,279,642	$9,888,729	$609,087	9.33

Program Description: The Highway Patrol Operations Program of the Highway Patrol Division funds the general mission operations including the payroll for the 200.00 FTE uniformed patrol officers and the non-uniformed support staff of the Highway Patrol. The uniformed and non-uniformed functions were separate programs in the 1987 biennium.

Budget: The budget provides for a 9.3 percent increase from fiscal 1988 to 1990, primarily due to the program expansion discussed below, a high vacancy savings rate in fiscal 1988, and reduced operating expenses in fiscal 1988 related to the vacant positions.

Personal services increase 9.2 percent due to the addition of 2.00 FTE communications technicians discussed below under program expansions, the pay plan increase, an actual vacancy savings rate of nearly 6 percent as compared to no vacancy savings budgeted in the 1991 biennium, and due to a 60 percent increase in the workers' compensation rate for patrol officers. This increase was partially offset by the reduction of 1.00 FTE which was transferred to the Communications Bureau of the Highway Patrol Division. Vacancy savings was high due to a large turnover from retirements and a lack of qualified, trained applicants to fill the vacancies.

Operating expenses increase 8.9 percent due to the addition of $27,050 per year for the program expansion discussed below, inflation, increases of $20,000 per year for prisoner per diem paid to local jails for prisoners incarcerated by highway patrol arrests, and due to increases in general operating costs including gas and vehicle maintenance over fiscal 1988 levels due to an expected return to a full complement of patrol officers and fewer vacancies.

Equipment funds are included at $1,020,000 in fiscal 1990 and $900,000 in fiscal 1991 for the replacement of up to 65 patrol cars per year at an estimated cost of $780,000 in fiscal 1990 and $812,000 in fiscal 1991, with remaining funds to

be used to buy needed equipment on a priority basis. The agency had requested over $2.5 million in the 1991 biennium for equipment, with priorities on communications tower equipment, vehicles, weapons, and hand-held radios. An additional $100,000 was added in fiscal 1990 specifically for replacement weapons and holsters.

Program Expansion:

1. 2.00 FTE Communications System Technicians - The legislature approved a modified request of $102,764 in fiscal 1990 and $82,764 in fiscal 1991 to add 2.00 FTE communications technician positions to maintain the statewide communications system.

Funding: The Highway Patrol Division Operations Program is funded entirely by highways state special revenue funds. These funds are also the primary source of state funds for highway construction and maintenance, and funds used for highway patrol operations reduce funds available for the state highway program.

Difference From Executive: Adjustments to the executive budget include: 1) an increase of $136,000 per year due to the elimination of vacancy savings; 2) $204,662 in fiscal 1990 plus $424,605 in fiscal 1991 for the pay plan increase; 3) a reduction of $163,000 in fiscal 1990 and $150,000 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; 4) an increase of $102,764 in fiscal 1990 and $82,764 in fiscal 1991 for the program expansion of 2.00 FTE communications technicians; 5) an increase of $4,300 per year in overtime costs; 6) a net increase of $49,000 in fiscal 1990 and $64,000 in fiscal 1991 for supplies, vehicle maintenance, prisoner per diem, gas, and certain other operating expenses; and 7) increases in equipment of $130,800 in fiscal 1990 and $44,000 in fiscal 1991, including $100,000 for weapons replacement in fiscal 1990.

AGENCY: DEPARTMENT OF JUSTICE

LEGISLATIVE ACTION

PROGRAM: HIGHWAY PATROL CADETS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	3.75	3.75	6.25	2.50	3.75	3.75	0.00	2.50
Personal Services	$57,215	$62,313	$110,902	$48,589	$62,328	$69,778	$ 7,450	93.83
Operating Expenses	24,635	30,527	38,539	8,012	30,397	24,232	(6,165)	56.44
TOTAL EXPENSES	$81,850	$92,840	$149,441	$56,601	$92,725	$94,010	$ 1,285	82.58
FUNDING								
State Special Rev	$81,850	$92,840	$149,441	$56,601	$92,725	$94,010	$ 1,285	82.58

Program Description: The Cadets Program of the Highway Patrol Division is a training program to prepare candidates to become fully qualified highway patrol officers. Qualified candidates are brought into the Highway Patrol in a training status and attend a three-month training course to become fully qualified to apply for vacant positions on the force.

Budget: The budget provides for an increase of 82.6 percent from fiscal 1988 to 1990, due to vacancy savings in fiscal 1988 of over 10 percent as compared to no vacancy savings in the 1991 biennium, and to a one-time program expansion in fiscal 1990, described below. Operating expenses for current level operations before the program expansion decreased slightly.

Program Expansion:

1. Ten Additional Cadets, Fiscal 1990 - The legislature approved an increase of $56,695 in fiscal 1990 only as a one-time expense to allow the training of 10 additional cadets in fiscal 1990, as compared to a normal class size of 15 per year. Each cadet represents a 0.25 FTE. The increase is considered necessary to provide enough qualified, trained applicants to fill vacant patrol officer positions as a result of a high turnover of patrol positions in the 1989 biennium due primarily to retirements. The additional 10 cadets add $42,400 for personal services and $14,295 for operating expenses.

Funding: The Highway Patrol Cadet Program is funded entirely by highway state special revenue funds.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $1,270 per year due to the elimination of vacancy savings; 2) $5,150 in fiscal 1990 plus $6,405 in fiscal 1991 for the pay plan increase; 3) a reduction of $1,600 in fiscal 1990 and $1,500 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; 4) an increase of $56,695 in fiscal 1990 for the program expansion of 10 additional cadets; and 5) a reduction of $4,650 per year in miscellaneous operating expenses.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE — PROGRAM: HPD - COMMUNICATIONS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	25.05	27.05	29.05	2.00	27.05	29.05	2.00	4.00
Personal Services	$474,008	$505,375	$575,767	$70,392	$505,821	$601,951	$ 96,130	21.47
Operating Expenses	69,152	83,956	82,426	(1,530)	83,179	98,565	15,386	19.20
TOTAL EXPENSES	$543,160	$589,331	$658,193	$68,862	$589,000	$700,516	$111,516	21.18
FUNDING								
State Special Rev	$543,160	$589,331	$658,193	$68,862	$589,000	$700,516	$111,516	21.18

Program Description: The Communications Program of the Highway Patrol Division provides around-the-clock communications and radio dispatch from three regional dispatch centers, serving the entire state. The program also provides communication and radio dispatch service for other state agencies, including the Department of Highways and the Department of Fish, Wildlife, and Parks.

Legislative Intent:

> Item 6c is to operate the regional dispatch centers. The Department of Justice shall implement a cost allocation plan for the purpose of recovering the operational cost of regional dispatch centers from all user agencies on an equitable basis. It is the intent that after fiscal 1989 the highways state special revenue account be reimbursed for services provided to user agencies that are not funded by the highways state special revenue account. Revenues collected as reimbursement from user agencies for operational costs of the regional dispatch centers shall be deposited in the highways state special revenue account, and shall equal at least 5 percent of the total amount of item 6c.

The language quoted above was included in the appropriations bill for the 1989 biennium, and the previous Attorney General submitted a summary of dispatch center usage by agency but did not submit a specific cost allocation plan in the 1991 biennium budget request. The intent is to obtain a specific cost allocation plan that will result in the recovery of an estimated $66,000 per biennium to the highways state special revenue account.

Budget: The budget provides for a 21.2 percent increase from fiscal 1988 to fiscal 1990, due primarily to an increase of 4.00 FTE. Personal services increase 21.5 percent due to an actual vacancy savings of approximately $10,000 in fiscal

1988 (1.2 percent) as compared to no budgeted vacancy savings in the 1991 biennium, the pay plan increase, and due to the addition of four communications dispatcher positions at a cost of $67,800 per year. The agency created two of the new dispatcher positions in replacement of two unused positions in the Motor Carrier Safety Assistance Program (MCSAP), but this resulted in a funding shift of $33,900 per year from federal funds to highways special revenue funds. The additional two dispatchers are discussed under program expansions below. Operating expenses increase $17,500 in fiscal 1990 and $35,000 in fiscal 1991 due to increased usage of a toll-free emergency telephone line for motorists. As the public has become aware of the toll-free number, usage has increased dramatically, and the operating cost has gone from $400 per month to an estimated $4,000 per month in fiscal 1991.

Program Expansion:

1. 2.00 FTE Additional Dispatchers - The legislature approved a modified request of $33,900 per year to add 2.00 FTE communications dispatchers, one in Missoula and one in Billings, to provide adequate 24-hour coverage for the statewide communications network.

Funding: The Highway Patrol Communications Program is funded by the highways state special revenue fund.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $10,050 per year due to the elimination of vacancy savings; 2) $23,951 in fiscal 1990 plus $49,679 in fiscal 1991 for the pay plan increase; 3) a reduction of $10,300 in fiscal 1990 and $9,600 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; 4) an increase of $33,900 per year the program expansion of 2.00 FTE dispatchers; and 5) an increase of $10,000 in fiscal 1990 and $27,000 in fiscal 1991 for an anticipated increase in the use of the emergency toll-free number.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: HPD - MCSAP

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	12.00	10.00	10.00	0.00	10.00	10.00	0.00	(2.00)
Personal Services	$268,000	$270,374	$278,798	$ 8,424	$270,468	$288,040	$17,572	4.03
Operating Expenses	92,118	105,714	126,538	20,824	105,496	129,131	23,635	37.37
Equipment	66,643	0	36,400	36,400	0	12,600	12,600	(45.38)
TOTAL EXPENSES	$426,761	$376,088	$441,736	$65,648	$375,964	$429,771	$53,807	3.51
FUNDING								
State Special Rev	$ 61,502	$ 62,681	$ 62,798	$ 117	$ 62,661	$ 61,098	$(1,563)	2.11
Federal Revenue	365,259	313,407	378,938	65,531	313,303	368,673	55,370	3.75
TOTAL FUNDING	$426,761	$376,088	$441,736	$65,648	$375,964	$429,771	$53,807	3.51

Program Description: The Motor Carrier Safety Assistance Program (MCSAP) of the Highway Patrol Division is a federal program administered with the assistance of the U.S. Department of Transportation to promote commercial motor vehicle safety through truck inspections for compliance with safety standards.

Budget: The budget increases 3.5 percent in fiscal 1990 over fiscal 1988 levels. Personal services increase due to the pay plan increase. Two positions were left vacant all of fiscal 1988, and were eliminated by the agency. Increases in operating expenses occur primarily due to reduced operating levels in fiscal 1988, since the program was expanded from 6 to 12 officers in that year, and the increased level was not reached until nearly four months into fiscal 1988.

Funding: The MCSAP program is funded 80 percent by federal funds from the U.S. Department of Transportation. A 20 percent match is required for the program, but approximately one-third of the match is provided by a soft match utilizing highway patrol officers to conduct truck inspections. Highway state special revenue funds are used for the remainder of the state match.

Difference From Executive: Legislative adjustments to the executive budget include: 1) $8,424 in fiscal 1990 plus $17,572 in fiscal 1991 for the pay plan increase; 2) a reduction of $5,800 in fiscal 1990 and $5,300 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; 3) an increase of $24,750 per year for uniforms, data processing supplies, travel, and other operating expenses; and 4) increases in equipment of $36,400 in fiscal 1990 and $12,600 in fiscal 1991 for an additional vehicle per year plus computers.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: HPD - 65 MPH ENFORCEMENT SQUAD

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	4.00	3.00	3.00	0.00	3.00	3.00	0.00	(1.00)
Personal Services	$106,090	$ 84,849	$ 87,561	$2,712	$ 84,760	$ 90,371	$5,611	(17.47)
Operating Expenses	50,186	56,805	57,899	1,094	57,548	58,808	1,260	15.37
TOTAL EXPENSES	$156,276	$141,654	$145,460	$3,806	$142,308	$149,179	$6,871	(6.92)
FUNDING								
Federal Revenue	$156,276	$141,654	$145,460	$3,806	$142,308	$149,179	$6,871	(6.92)

Program Description: The 65 Mile Per Hour (MPH) Enforcement Squad is a federally funded program to aid in enforcement of speed limit regulations. This program was a part of the Highway Patrol Division Operations Program in the last biennium.

Budget: The budget provides for a 6.9 percent decrease from fiscal 1988 to 1990. Personal services decrease due to the reduction of the number of patrol officers from four to three by the agency, partially offset by the pay plan increase. Operating costs increase due to increased travel costs and a higher indirect cost charge.

Funding: The 65 MPH Enforcement Squad is funded entirely by federal funds from the U.S. Department of Transportation through a grant from the Highway Traffic Safety Division.

Difference From Executive: Legislative adjustments to the executive budget include: 1) $2,712 in fiscal 1990 plus $5,611 in fiscal 1991 for the pay plan increase; 2) a reduction of $2,500 in fiscal 1990 and $2,300 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; 3) an increase of $3,600 per year in travel costs.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: MOTOR VEHICLE REGISTRAR

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	70.50	73.00	73.00	0.00	73.00	73.00	0.00	2.50
Personal Services	$1,255,645	$1,332,154	$1,418,830	$ 86,676	$1,334,424	$1,486,034	$ 151,610	13.00
Operating Expenses	738,028	821,269	780,463	(40,806)	818,532	847,127	28,595	5.75
Equipment	37,978	21,212	31,962	10,750	19,612	7,362	(12,250)	(15.84)
TOTAL EXPENSES	$2,031,651	$2,174,635	$2,231,255	$ 56,620	$2,172,568	$2,340,523	$ 167,955	9.82
FUNDING								
General Fund	$ 0	$ 0	$2,231,255	$ 2,231,255	$ 0	$2,340,523	$ 2,340,523	0.00
State Special Rev	1,962,056	2,174,635	0	(2,174,635)	2,172,568	0	(2,172,568)	(100.00)
Federal Revenue	69,595	0	0	0	0	0	0	(100.00)
TOTAL FUNDING	$2,031,651	$2,174,635	$2,231,255	$ 56,620	$2,172,568	$2,340,523	$ 167,955	9.82

Program Description: The Motor Vehicle Registrar's Bureau provides a system of motor vehicle registration, a certificate of ownership, lien filing, and licensing of automobile dealers and manufacturers. This program also processes registration for boats and snowmobiles.

Budget: The budget increases 9.8 percent in fiscal 1990 over fiscal 1988 levels due to increased personal services and operating expenses. Personal services increase 13.0 percent, due primarily to the addition of 3.00 FTE in fiscal 1989 to administer the new boat registration program (23-2-508, MCA), costing $44,900 per year. The agency added 0.50 FTE over the fiscal 1988 appropriation to assist in implementing the conversion from a fee on vehicles to the property tax registration system, at a cost of $13,000. The 0.50 temporary FTE was not included in the 1991 biennium. The remainder of the increase in personal services was due primarily to an actual vacancy savings rate of 4.9 percent as compared to no vacancy savings budgeted in the 1991 biennium, and the pay plan increase. Operating expenses increase 5.7 percent due primarily to increases of $18,150 per year for postage and mailing costs and over $15,000 per year in inflation allowances for operating expenses. Equipment allowances in current level include $7,362 per year for computer terminals replacement, $1,750 in fiscal 1990 for replacement of five typewriters, $2,900 in fiscal 1990 for room dividers, and $19,950 in fiscal 1990 for microfilm equipment.

Funding: The program is funded in the 1989 biennium by the motor vehicle state special revenue account. The state special revenue account was de-earmarked by the 1989 legislature with passage of House Bill 744, and the appropriation authority was transferred to the general fund in the 1991 biennium budget. Federal and other funds in the 1989 biennium included actual expenditures of $45,580 in fiscal 1988 from the education trust fund as start-up costs for the conversion to motor vehicle property tax registration, and $24,015 in fiscal 1988 from a federal grant as start-up costs for the new boat registration function.

Other Legislation:

1. House Bill 245 - New License Plates - The legislature approved an act requiring the Department of Justice to issue new license plates for motor vehicles beginning January 1, 1991. The bill appropriated $71,400 general fund in fiscal 1991 to the Motor Vehicle Registrar for postage costs of shipping the new license plates.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $27,200 per year due to the elimination of vacancy savings; 2) $60,436 in fiscal 1990 plus $125,324 in fiscal 1991 for the pay plan increase; 3) a reduction of $38,100 in fiscal 1990 and $35,400 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; 4) a reduction of $3,500 in fiscal 1990 and $7,400 in fiscal 1991 in miscellaneous operating expenses; and 5) funding for the same equipment as the executive budget, but a shift of part of the expenditure from fiscal 1991 to fiscal 1990. The state special revenue fund appropriation in the executive budget from the motor vehicle state special revenue fund was shifted to general fund as a result of de-earmarking that account.

AGENCY: DEPARTMENT OF JUSTICE

LEGISLATIVE ACTION

PROGRAM: LAW ENFORCEMENT SERVICES DIV

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	2.00	2.00	2.00	0.00	2.00	2.00	0.00	0.00
Personal Services	$71,208	$71,009	$73,108	$ 2,099	$71,057	$75,408	$ 4,351	2.67
Operating Expenses	9,728	11,350	9,901	(1,449)	11,229	9,890	(1,339)	1.78
Equipment	286	342	342	0	0	0	0	19.58
TOTAL EXPENSES	$81,222	$82,701	$83,351	$ 650	$82,286	$85,298	$ 3,012	2.62
FUNDING								
General Fund	$81,222	$82,701	$83,351	$ 650	$82,286	$85,298	$ 3,012	2.62

Program Description: The Law Enforcement Services Division administers three bureaus: Criminal Investigation, Fire Marshal, and Identification. These bureaus provide a broad spectrum of services vital to local, county, state, and federal law enforcement agencies throughout Montana.

Budget: The budget is as the agency requested and is at fiscal 1988 base levels, plus the pay plan increase.

Funding: The Law Enforcement Services Division is funded by general fund.

Difference From Executive: The only adjustments to the executive budget were $2,099 in fiscal 1990 plus $4,351 in fiscal 1991 for the pay plan increase, and a reduction of $1,450 in fiscal 1990 and $1,340 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE PROGRAM: COUNTY ATTORNEY PAYROLL

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	18.60	19.25	19.05	(0.20)	19.25	19.05	(0.20)	0.45
Personal Services	$940,862	$952,316	$977,179	$ 24,863	$952,672	$1,003,551	$ 50,879	3.86
Operating Expenses	0	16,983	0	(16,983)	15,759	0	(15,759)	0.00
TOTAL EXPENSES	$940,862	$969,299	$977,179	$ 7,880	$968,431	$1,003,551	$ 35,120	3.86
FUNDING								
General Fund	$940,862	$969,299	$977,179	$ 7,880	$968,431	$1,003,551	$ 35,120	3.86

Program Description: The County Attorney Payroll Program pays one-half of the salary and benefits of the 56 county attorneys from the state general fund, as required under Section 7-4-2502, MCA.

Budget: The budget provides for a 3.9 percent increase from fiscal 1988 to fiscal 1990. The increase is due to the addition of 0.45 FTE in the 1989 biennium over appropriated levels, and the pay plan increase. Eight counties adjusted the percent of time paid to county attorneys, including the decision of three counties to increase the position from part-time to full-time, resulting in the FTE increase. The increase in FTE resulted in an overexpenditure of the budget in fiscal 1988 of $16,545, which was funded by a program transfer from the Driver Services Bureau.

The budgeted payroll for county attorneys is held at the fiscal 1989 level plus the 2.5 percent pay plan increase. There are funds in current level for 18 full-time county attorneys, 14 county attorneys at 60 percent time, 23 county attorneys at half time, and 1 county attorney at 20 percent time. By statute the county commissioners can give salary increases equal to 70 percent of the last previous calendar year's consumer price index for all urban consumers, which is estimated to be 3.5 percent per year in the 1991 biennium.

Funding: The County Attorney Payroll Program is funded by general fund.

Difference From Executive: The only adjustments to the executive budget were $24,863 in fiscal 1990 plus $50,879 in fiscal 1991 for the pay plan increase, and a reduction of $17,000 in fiscal 1990 and $15,800 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: LAW ENFORCEMENT ACADEMY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	10.00	10.00	10.00	0.00	10.00	10.00	0.00	0.00
Personal Services	$294,774	$270,839	$285,514	$ 14,675	$271,133	$295,678	$ 24,545	(3.14)
Operating Expenses	302,084	252,010	328,474	76,464	256,983	248,676	(8,307)	8.74
Equipment	9,483	9,576	7,962	(1,614)	9,576	8,071	(1,505)	(16.04)
Non-Operating	248,000	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$854,341	$532,425	$621,950	$ 89,525	$537,692	$552,425	$ 14,733	(27.20)
FUNDING								
General Fund	$ 0	$ 0	$531,950	$ 531,950	$ 0	$552,425	$ 552,425	0.00
State Special Rev	849,197	532,425	0	(532,425)	537,692	0	(537,692)	(100.00)
Federal Revenue	5,144	0	90,000	90,000	0	0	0	1,649.61
TOTAL FUNDING	$854,341	$532,425	$621,950	$ 89,525	$537,692	$552,425	$ 14,733	(27.20)

Program Description: The Law Enforcement Academy Program provides a professional education and training program in criminal justice for Montana law enforcement officers and other criminal justice personnel.

Budget: The budget decreases 27.2 percent from fiscal 1988 to fiscal 1990, primarily due to the purchase in fiscal 1988 of the Law Enforcement Academy buildings in Bozeman and the subsequent reduction in operating costs in the 1991 biennium as a result of the purchase. This results in a reduction of overhead costs, not training costs. There has been no significant change in the training curriculum at the academy except as discussed below as program expansions. A supplemental appropriation in fiscal 1988 of $221,000 was obtained in order to fully fund the buildings purchase.

Personal services decrease 3.1 percent due to an overexpenditure of the personal services budget in fiscal 1988 to cover approximately $8,000 in termination pay for departing employees and other minor reductions, including a reduction in salaries in the 1991 biennium due to reductions in step levels for two positions that turned over at fiscal year end 1988. No vacancy savings was experienced in fiscal 1988. The decrease in personal services is partially offset by the pay plan increase. The termination pay in fiscal 1988 was funded by a program transfer from the Driver Services Bureau.

Operating expenses decrease over 25 percent as a result of the purchase of the academy buildings, but that decrease is more than offset by: 1) an increase of $8,000 for the lease of a copy machine; 2) anticipated increases in food service costs in the 1991 biennium; and 3) increases of $90,000 in fiscal 1990 only as a one-time expense for the federally funded command school discussed below as a program expansion.

Equipment funds in current level allow for payments of $2,400 per year for a new telephone system, the purchase of one computer each year of the biennium, $4,000 per year, and the purchase of one replacement 16mm projector each year of the biennium at a cost of $1,562 in fiscal 1990 and $1,671 in fiscal 1991.

Non-operating costs of $248,000 in fiscal 1988 were full payment for the purchase of the academy buildings.

Program Expansions:

1. Command School - The legislature approved a one-time expense of $90,000 in fiscal 1990 for a 10-week command school training course to train those who will train others in law enforcement topics. The course is funded by a federal Highway Traffic Safety grant.

2. Coroner Training - The legislature approved a modified request of $956 in fiscal 1990 and $5,081 in fiscal 1991 for training for coroners and deputy coroners required by a law enacted by the 1987 legislature (Section 7-4-2905, MCA). The Attorney General must provide a 40-hour basic coroner education course after each general election and a 16-hour advanced coroner course annually.

Funding: There were two sources of state special revenue funding for the academy in the 1989 biennium -- tuition fees and motor vehicle funds. Tuition is charged for certain classes taught by the academy, particularly specialized classes. The tuition fees were deposited in the state special revenue account in the 1989 biennium, but that account has been de-earmarked in the 1991 biennium and the fees will be deposited in the general fund. In addition, the motor vehicle state special revenue account has been de-earmarked with passage of House Bill 744, and appropriation authority has been transferred to general fund in the 1991 biennium. De-earmarking of the two accounts has resulted in the elimination of state special revenue funds and the new general fund appropriation.

Federal funds expended in fiscal 1988 were for budget amendments to present a management training course and a training course for law enforcement officials on enforcement of the new seat belt and child restraint laws. The $90,000 in fiscal 1990 is a Highway Traffic Safety grant for the command school (Program Expansion #1.)

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $5,500 per year due to the elimination of vacancy savings; 2) $9,148 in fiscal 1990 plus $19,012 in fiscal 1991 for the pay plan increase; 3) a reduction of $9,300 in fiscal 1990 and $8,700 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; 4) a reduction of $12,200 in fiscal 1990 and $7,600 in fiscal 1991 in food service and ammunition costs; 5) an increase of $8,000 per year for a copy machine lease; and 6) an increase of $90,000 federal funds in fiscal 1990 for the command school program expansion. The state special revenue fund appropriation in the executive budget for this program was shifted to general fund as a result of de-earmarking the tuition and motor vehicle state special revenue accounts.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: FIRE MARSHAL PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	9.00	9.00	9.00	0.00	9.00	9.00	0.00	0.00
Personal Services	$247,788	$255,014	$268,435	$13,421	$255,459	$277,788	$22,329	8.33
Operating Expenses	59,786	63,916	65,459	1,543	63,805	65,744	1,939	9.49
Equipment	15,263	2,802	17,282	14,480	2,802	3,442	640	13.23
TOTAL EXPENSES	$322,837	$321,732	$351,176	$29,444	$322,066	$346,974	$24,908	8.78
FUNDING								
General Fund	$315,690	$321,732	$351,176	$29,444	$322,066	$346,974	$24,908	11.24
Federal Revenue	7,147	0	0	0	0	0	0	(100.00)
TOTAL FUNDING	$322,837	$321,732	$351,176	$29,444	$322,066	$346,974	$24,908	8.78

Program Description: The Fire Marshal Bureau is responsible for safeguarding life and property from fire, explosion, and arson. Services offered through this program are fire and arson investigation, inspection of state-owned buildings, fire code interpretation and enforcement, and the collection of fire data through the fire incident reporting system.

Budget: The budget provides for an 8.8 percent increase from fiscal 1988 to 1990. Personal services increase due to an actual vacancy savings rate of over 4 percent in fiscal 1988 as compared to no vacancy savings budgeted in the 1991 biennium, and the pay plan increase. Operating expenses increase due to the approval of a modified request of $7,000 per year for uniform fire code training to be provided by the state fire marshal to local fire departments. The cost of the training is to be recovered by tuition fees charged to participants and deposited to the general fund. Equipment funded in current level includes replacement of one car in fiscal 1990 - $11,900, purchase of three high band radios per year - $2,802 per year, and office equipment - $2,580 in fiscal 1990 and $640 in fiscal 1991.

Funding: The Fire Marshal Bureau is funded entirely by general fund. Section 50-3-109, MCA, provides for a tax on fire insurance premiums to provide funding for the bureau. The tax receipts are deposited in the general fund. Federal funds in fiscal 1988 were for a Board of Crime Control grant to provide funding for the Arson Information Management System maintained by the bureau.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $5,200 per year due to the elimination of vacancy savings; 2) $8,217 in fiscal 1990 plus $17,116 in fiscal 1991 for the pay plan increase; 3) a reduction of $5,600 in fiscal 1990 and $5,200 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; 4) an increase in equipment costs of $14,500 in fiscal 1990 and $640 in fiscal 1991 for an automobile and office equipment; and 5) an increase of $7,000 per year for uniform fire code training.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE — PROGRAM: IDENTIFICATION PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	7.00	7.00	7.00	0.00	7.00	7.00	0.00	0.00
Personal Services	$163,165	$166,085	$175,627	$ 9,542	$166,394	$182,561	$16,167	7.64
Operating Expenses	66,610	71,390	67,229	(4,161)	73,995	69,441	(4,554)	0.93
Equipment	3,833	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$233,608	$237,475	$242,856	$ 5,381	$240,389	$252,002	$11,613	3.96
FUNDING								
General Fund	$233,608	$237,475	$242,856	$ 5,381	$240,389	$252,002	$11,613	3.96

Program Description: The Identification Bureau collects, processes, preserves, and disseminates criminal history record information; provides latent print services; and provides related training to criminal justice agencies throughout the state and nation. The bureau maintains the automated Criminal History Record Information System, which contains arrest records, charges, dispositions, and descriptions on individuals who have criminal histories. This file is available to all law enforcement officials who have access to the Law Enforcement Network System. The bureau also serves as a clearinghouse and central repository for information regarding missing and unidentified persons and missing children.

Budget: The budget increases 4.0 percent from fiscal 1988 to 1990, due to actual vacancy savings of 4 percent in fiscal 1988 as compared to no vacancy savings budgeted in the 1991 biennium, and the pay plan increase.

Funding: The Identification Bureau is funded by general fund.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $2,400 per year due to the elimination of vacancy savings; 2) $6,152 in fiscal 1990 plus $12,771 in fiscal 1991 for the pay plan increase; and 3) a reduction of $4,200 in fiscal 1990 and $3,900 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: CRIMINAL INVESTIGATORS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	7.00	4.00	6.00	2.00	4.00	6.00	2.00	(1.00)
Personal Services	$142,162	$135,999	$213,589	$ 77,590	$136,042	$219,970	$ 83,928	50.24
Operating Expenses	51,150	36,949	78,709	41,760	36,850	78,758	41,908	53.88
Equipment	13,208	0	32,731	32,731	0	10,462	10,462	147.81
TOTAL EXPENSES	$206,520	$172,948	$325,029	$152,081	$172,892	$309,190	$136,298	57.38
FUNDING								
General Fund	$176,963	$172,948	$245,224	$ 72,276	$172,892	$238,110	$ 65,218	38.57
State Special Rev	0	0	47,221	47,221	0	37,865	37,865	0.00
Federal Revenue	29,557	0	32,584	32,584	0	33,215	33,215	10.24
TOTAL FUNDING	$206,520	$172,948	$325,029	$152,081	$172,892	$309,190	$136,298	57.38

Program Description: The Criminal Investigation Bureau is required by statute to assist city, county, state, and federal law enforcement agencies at their request by providing expert and immediate aid, investigation, and solution of felonies committed in Montana, and by investigating apparent violations of penal statutes disclosed by the audit of a state agency conducted by the Legislative Auditor and reported by him to the Attorney General and the Governor. The program also collects, analyzes, and disseminates criminal investigative information throughout the law enforcement community in Montana and other states.

Legislative Intent: A 1.00 FTE position was added for Workers' Compensation fraud investigation, and language was included in House Bill 100 stating that, "The work of the Workers' Compensation Fraud Investigator position shall include investigations of both employee and employer fraud cases."

Budget: The budget provides for a 57.4 percent increase in fiscal 1990 over fiscal 1988 levels, due to increases in the federally funded Montana Marijuana Eradication Program, high vacancy savings in fiscal 1988, and the addition of two criminal investigator positions. These increases more than offset reductions of 12 percent below fiscal 1988 levels due to the loss of federal funding for the Rocky Mountain Information System (RMIN) and the lack of federal funding for a customs criminal investigator. RMIN is an eight-state regional intelligence sharing network comprised of local, state, and federal intelligence agencies to support prosecution of criminal activities that cross jurisdictional boundaries. Funding for the activity supported 2.00 FTE and paid 30 percent of operating costs for the Criminal Investigation Bureau.

Personal services decrease in fiscal 1990 due to elimination of the 2.00 FTE provided by federal funds for RMIN, and the elimination of the 1.00 FTE customs investigator. The cost reduction from deletion of 3.00 FTE is offset by an actual vacancy savings in fiscal 1988 of 35 percent, primarily due to vacancies in the three positions that were eliminated. No vacancy savings is applied in 1991 biennium. After these offsetting differences, personal services increases 50 percent due to the addition of two criminal investigator positions at a cost of approximately $61,000 per year, and the pay plan increase. The added positions are discussed as program expansions below.

Operating expenses are carried forward at fiscal 1988 base levels adjusted for the loss of RMIN funds, with increases of $20,000 per year for the Montana Marijuana Eradication Program and increased operating expenses of $14,000 per year for the two added criminal investigator positions, discussed below.

Current level includes funding for equipment of $9,000 per year to purchase used vehicles for investigative work. The remaining equipment appropriation is for added equipment required for the two new criminal investigator positions.

Program Expansions:

1. General Investigator - A modified request was approved for the addition of a 1.00 FTE criminal investigator at a general fund cost of $52,815 in fiscal 1990 and $40,839 in fiscal 1991. The general investigation section currently has three investigators and one supervisor for statewide criminal cases, and the addition of one investigator is to respond to an increased workload, reduce overtime, and minimize travel costs.

2. Workers' Compensation Fraud Investigator - A modified request was approved for the addition of a 1.00 FTE criminal investigator at a cost of $47,221 in fiscal 1988 and $37,865 in fiscal 1991 from the workers' compensation state special revenue fund to conduct workers' compensation fraud investigations on a pilot basis. The 1987 legislature passed workers' compensation fraud regulations, and the new position under the Attorney General would enforce those laws.

Funding: The workers' compensation state special revenue account funds the workers' compensation fraud investigator position added in the 1991 biennium. Federal funds in the 1991 biennium of $32,584 in fiscal 1990 and $33,215 in fiscal 1991 from the U.S. Forest Service and the Drug Enforcement Administration are for the Montana Marijuana Eradication Program, which was established to locate and eradicate illicit domestic marijuana fields and investigate and prosecute those cases before the courts. Federal funds expended in fiscal 1988 included $12,000 for the Montana Marijuana Eradication Program and $17,557 for partial year costs of the now defunct RMIN project. The balance of the program is funded by general fund.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $2,800 per year due to the elimination of vacancy savings; 2) $5,831 in fiscal 1990 plus $12,150 in fiscal 1991 for the pay plan increase; 3) a reduction of $3,000 in fiscal 1990 and $2,800 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; 4) an increase in miscellaneous operating expenses of $6,400 per year; 5) an increase of $9,000 per year for the purchase of used vehicles; 6) an increase of $32,000 per year for the federal Marijuana Eradication Program; and 7) increases of $100,036 in fiscal 1990 and $78,704 in fiscal 1991 for the two program expansions which added 2.00 FTE investigators.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: SPECIAL INVESTIGATION-EAST

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	6.00	6.00	6.00	0.00	6.00	6.00	0.00	0.00
Personal Services	$161,397	$174,353	$183,418	$ 9,065	$174,410	$189,443	$ 15,033	13.64
Operating Expenses	128,473	118,266	127,154	8,888	118,035	127,309	9,274	(1.03)
Equipment	6,706	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$296,576	$292,619	$310,572	$ 17,953	$292,445	$316,752	$ 24,307	4.72
FUNDING								
State Special Rev	$ 0	$ 0	$310,572	$ 310,572	$ 0	$316,752	$ 316,752	0.00
Other Revenue	296,576	292,619	0	(292,619)	292,445	0	(292,445)	(100.00)
TOTAL FUNDING	$296,576	$292,619	$310,572	$ 17,953	$292,445	$316,752	$ 24,307	4.72

Program Description: The Special Investigation - East Program (formerly called Criminal Investigation - Coal Board) of the Criminal Investigation Bureau provides undercover criminal investigative services, primarily in illegal drugs and stolen property, to the Eastern Coal Counties Task Force. The primary counties served are Yellowstone, Big Horn, Rosebud, Treasure, Powder River, Carbon, Custer, Musselshell, and Stillwater.

Budget: The budget provides for a 4.7 percent increase from fiscal 1988 to 1990. Personal services increase 13.6 percent due to an actual vacancy savings rate of nearly 10 percent in fiscal 1988 as compared to no vacancy savings budgeted in the 1991 biennium, and the pay plan increase. The increase in personal services is nearly offset by a reduction in funding levels for equipment. No equipment was requested for the 1991 biennium.

Funding: The Special Investigation - East section is funded by grants from the Eastern Counties Task Force, which receives its funding from the Montana Coal Board. This fund source is classified as "other special revenue" in the 1989 biennium. However, Senate Bill 80 passed the 1989 legislature, which eliminated the "other special revenue" classification, and reclassified those accounts as state special revenue. The funding for this program is reclassified as state special revenue in the 1991 biennium.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $3,600 per year due to the elimination of vacancy savings; 2) $5,507 in fiscal 1990 plus $11,474 in fiscal 1991 for the pay plan increase; 3) a reduction of $5,100 in fiscal 1990 and $4,800 in fiscal 1991 due to the elimination of an executive proposal for a

central services cost allocation plan; and 4) a net increase of $13,400 per year in miscellaneous operating expenses, primarily in training costs. The other special revenue fund appropriation in the executive budget for this program was shifted to the state special revenue fund as a result of the elimination of the other special revenue fund category per Senate Bill 80.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: SPECIAL INVESTIGATION-WEST

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	8.75	10.00	10.00	0.00	10.00	10.00	0.00	1.25
Personal Services	$174,269	$292,711	$308,036	$ 15,325	$293,212	$318,666	$ 25,454	76.76
Operating Expenses	105,988	166,267	143,808	(22,459)	165,938	144,000	(21,938)	35.68
Equipment	112,050	17,565	17,565	0	22,500	22,500	0	(84.32)
TOTAL EXPENSES	$392,307	$476,543	$469,409	$ (7,134)	$481,650	$485,166	$ 3,516	19.65
FUNDING								
General Fund	$ 0	$ 0	$117,353	$ 117,353	$ 0	$237,716	$ 237,716	0.00
State Special Rev	113,114	125,827	0	(125,827)	126,830	0	(126,830)	(100.00)
Federal Revenue	279,193	350,716	352,056	1,340	354,820	247,450	(107,370)	26.10
TOTAL FUNDING	$392,307	$476,543	$469,409	$ (7,134)	$481,650	$485,166	$ 3,516	19.65

Program Description: The Special Investigation - West Program of the Criminal Investigation Bureau administers the statewide enforcement undercover unit funded by a federal grant. In addition to undercover criminal investigative services, the program provides prosecutorial assistance in illegal drug cases, criminalistics lab analysis on illegal drug samples, and drug enforcement training to criminal justice agencies.

Budget: The budget provides for a 19.6 percent increase from fiscal 1988 to fiscal 1990, due primarily to a reduced level of operations of the program in its inception year, fiscal 1988.

Personal services increase 76.8 percent due to an actual vacancy savings rate in fiscal 1988 of over 30 percent as compared to no vacancy savings budgeted in the 1991 biennium, the pay plan increase, and the addition of 1.25 FTE in fiscal 1989 that is carried forward into the 1991 biennium. The high vacancy savings in fiscal 1988 was due in large part to the 8.75 FTE for the program not being filled at the beginning of the year. The new program operated at full strength for only about two-thirds of the base year. The additional 1.25 FTE were approved by the 1987 legislature beginning in fiscal 1989.

Operating expenses increase 35.7 percent over fiscal 1988 base levels. As mentioned above, the program was new in the 1989 biennium, and was fully operational only about 8 months of the fiscal 1988 base year. Operating expenses that vary with staffing levels are allowed to increase by one-third in the 1991 biennium, including travel for

investigative work, gasoline, telephone expenses, and vehicle maintenance, resulting in the increase over fiscal 1988 levels. In addition, a $13,000 allowance for rent of vehicles is transferred to investigative purchases ("front money"), and a further increase of $22,000 per year over fiscal 1988 base levels is added for investigative purchases.

Equipment in current level includes $9,000 per year for the purchase of used vehicles for undercover investigations, and $8,565 in fiscal 1990 and $13,500 in fiscal 1991 for the purchase of communications equipment including radios and recorders for investigative work.

Funding: The Special Investigation - West Program is partially funded by a Board of Crime Control federal grant for anti-drug enforcement. A hard match of state funds of 25 percent in fiscal 1990 and 50 percent in fiscal 1991 is funded by general fund. The state match was funded by the motor vehicle state special revenue account in the 1989 biennium, but that account was de-earmarked by the 1989 legislature with passage of House Bill 744.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $6,000 per year due to the elimination of vacancy savings; 2) $9,351 in fiscal 1990 plus $19,470 in fiscal 1991 for the pay plan increase; 3) a reduction of $8,300 in fiscal 1990 and $7,800 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; and 4) a reduction of $13,000 per year for vehicle rentals. The state special revenue fund appropriation in the executive budget for this program was shifted to general fund as a result of de-earmarking the motor vehicle state special revenue account. Further, the executive budget state match of 25 percent in fiscal 1991 was increased to 50 percent due to revised federal match requirements.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: CENTRAL SERVICES DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	9.15	9.15	9.00	(0.15)	9.15	9.00	(0.15)	(0.15)
Personal Services	$266,699	$265,773	$276,253	$ 10,480	$266,395	$286,164	$ 19,769	3.58
Operating Expenses	114,162	108,624	109,793	1,169	82,333	83,514	1,181	(3.83)
Equipment	4,183	3,600	3,600	0	0	0	0	(13.94)
TOTAL EXPENSES	$385,044	$377,997	$389,646	$ 11,649	$348,728	$369,678	$ 20,950	1.20
FUNDING								
General Fund	$358,762	$ 0	$184,351	$ 184,351	$ 0	$174,319	$ 174,319	(48.61)
State Special Rev	25,789	0	196,828	196,828	0	187,196	187,196	663.22
Other Revenue	493	377,997	8,467	(369,530)	348,728	8,163	(340,565)	1,617.44
TOTAL FUNDING	$385,044	$377,997	$389,646	$ 11,649	$348,728	$369,678	$ 20,950	1.20

Program Description: The Central Services Division provides the administrative, budgeting, accounting, and fiscal support for the Department of Justice.

Budget: The budget provides for a 1.2 percent increase from fiscal 1988 to fiscal 1990. Personal services increase due to vacancy savings in fiscal 1988 and the pay plan increase, partially offset by the elimination of a 0.15 FTE accounting technician position that has been vacant over two years. Operating expenses decrease 3.8 percent, primarily due to a reduction in insurance costs charged to the division by Tort Claims. Audit fees of $28,238 are included in fiscal 1990 only. Equipment included in current level is for computer terminals for on-line access to the state accounting system.

Funding: The Central Services Division was supported entirely by general fund in the 1989 biennium with the exception of a reimbursement of department audit fees ($20,034 in fiscal 1988) from other funds and insurance reimbursements ($6,248 in fiscal 1988) from the justice insurance clearing account. The 1989 legislature approved a change in funding for the program from primarily general fund to a direct allocation from the four major funds that support the Department of Justice in proportion to their total budgeted costs. This reduced the general fund support by over 70 percent, a savings of $510,000 for the biennium. This reduced general fund support was partially offset with passage of House Bill 744, which de-earmarks the motor vehicle state special revenue account in the 1991 biennium, and transfers appropriation authority to the general fund. After consideration of the above two changes, the revised funding method results in funding in fiscal 1990 of 47.3 percent from the general fund, 50.5 percent from the highway state special revenue fund,

and 2.2 percent from the agency legal services proprietary fund. The justice insurance clearing account will be eliminated in the 1989 biennium.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $4,350 per year due to the elimination of vacancy savings; 2) $8,634 in fiscal 1990 plus $17,915 in fiscal 1991 for the pay plan increase; 3) a reduction of $2,500 per year due to the elimination of a 0.15 FTE accounting position; and 4) an increase of $1,200 per year in miscellaneous operating expenses. The executive recommendation for funding this program with a proprietary account and an indirect cost allocation plan was rejected in favor of a direct allocation from the four major agency fund sources.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE

PROGRAM: DATA PROCESSING PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	15.00	15.00	15.00	0.00	15.00	15.00	0.00	0.00
Personal Services	$409,663	$416,083	$438,065	$ 21,982	$416,916	$453,479	$ 36,563	6.93
Operating Expenses	455,290	492,874	472,047	(20,827)	494,915	477,638	(17,277)	3.68
Equipment	12,307	70,000	42,225	(27,775)	0	33,780	33,780	243.10
TOTAL EXPENSES	$877,260	$978,957	$952,337	$ (26,620)	$911,831	$964,897	$ 53,066	8.56
FUNDING								
General Fund	$ 0	$ 0	$679,563	$ 679,563	$ 0	$691,983	$ 691,983	0.00
State Special Rev	877,260	978,957	272,774	(706,183)	911,831	272,914	(638,917)	(68.91)
TOTAL FUNDING	$877,260	$978,957	$952,337	$ (26,620)	$911,831	$964,897	$ 53,066	8.56

Program Description: The Data Processing Division provides a full range of automated data processing and telecommunications services for the Department of Justice, including: system development and maintenance of the motor vehicle registration system, driver history system, criminal history record information system, the Montana Uniform Crime Reporting System; computer operator support for the Armory computer center; and system development and support for the Criminal Justice Information Network (CJIN). CJIN links law enforcement/criminal justice agencies with information sources at local, state, and national levels by interfacing with the National Law Enforcement Telecommunications System, the National Crime Information Center, and numerous State of Montana files.

Budget: The budget increases 8.6 percent in fiscal 1990 over fiscal 1988 levels, due primarily to an increase for added users and maintenance for the CJIN network, to be funded by increased user fees. Personal services increase 6.9 percent due to an actual vacancy savings rate of 4.9 percent in fiscal 1988 as compared to no vacancy savings budgeted in the 1991 biennium, and the pay plan increase. Operating expense increases and all equipment costs are related to the CJIN network, and will be funded by a 20 percent increase in network user fees. Table 3 below shows the increased network costs and the estimated revenues.

Table 3
Criminal Justice Information Network - Agency Proposed Cost Increases
1991 Biennium

	Fiscal 1990	Fiscal 1991
Add New User Agencies:		
Line Charges @ $1,800 per user - Annual	$ 9,000	$12,600
Maintenance Cost Increases - Annual	2,285	3,199
Equipment @ $2,815 per user - One-time	14,075	5,630
Total Charges Related to New Users	$25,360	$21,429
Other System Increases:		
National Law Enforcement Teletype System Fee	$ 2,400	$ 2,400
Equipment - Replace 10 Printers & Terminals/Yr.	28,150	28,150
Total Other Increases	$30,550	$30,550
Total CJIN Cost Increases	$55,910	$51,979
Estimated Revenue Increases From New Users	$56,500	$52,500

Funding: Operating costs of the CJIN network are supported partially (40 percent in fiscal 1988) by the CJIN state special revenue account, and receives its revenue from fees charged to user agencies, which are $188,000 per year at fiscal 1988 fee levels. The amount included in the budget for the 1991 biennium to come from the CJIN state special revenue account is $272,774 in fiscal 1990 and $272,914 in fiscal 1991, which reflects a 20 percent increase in user fees plus the usage of an excess fund balance in the account. The balance of the Data Processing Division budget is funded by the motor vehicle fee state special revenue account in the 1989 biennium. The motor vehicle account was de-earmarked by the 1989 legislature with passage of House Bill 744, and appropriation authority is transferred to general fund in the 1991 biennium, resulting in the new general fund appropriation and the corresponding decrease in state special revenue.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $8,500 per year due to the elimination of vacancy savings; 2) $13,491 in fiscal 1990 plus $28,054 in fiscal 1991 for the pay plan increase; 3) a reduction of $17,200 in fiscal 1990 and $14,800 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; 4) a decrease in microcomputer support fees of $7,450 per year; 5) an increase in CJIN operating expenses of $4,400 in fiscal 1990 and $5,600 in fiscal 1991; and 6) a reduction of $27,800 in fiscal 1990 but an increase of $33,800 in fiscal 1991 for CJIN equipment purchases. A state special revenue fund appropriation in the executive budget for this program was shifted to general fund as a result of de-earmarking the motor vehicle state special revenue account.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF JUSTICE — PROGRAM: EXTRADITION AND TRANSPORTATION OF PRISONERS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	$146,855	$149,621	$146,869	$(2,752)	$149,432	$146,875	$(2,557)	0.01
TOTAL EXPENSES	$146,855	$149,621	$146,869	$(2,752)	$149,432	$146,875	$(2,557)	0.01
FUNDING								
General Fund	$146,855	$149,621	$146,869	$(2,752)	$149,432	$146,875	$(2,557)	0.01

Program Description: The Extradition and Transportation of Prisoners Program pays claims to sheriffs for expenses of transporting certain prisoners to state prison and for claims of any agent employed by the state to return a fugitive from justice to this state by order of the Governor.

Budget: The budget is at fiscal 1988 base levels.

Funding: The Extradition and Transportation of Prisoners Program is funded by general fund.

Difference From Executive: The only significant adjustment to the executive budget was a reduction of $2,600 in fiscal 1990 and $2,400 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan.

AGENCY: DEPARTMENT OF JUSTICE

LEGISLATIVE ACTION

PROGRAM: FORENSIC SCIENCE DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	15.00	15.00	17.00	2.00	15.00	17.00	2.00	2.00
Personal Services	$382,585	$495,654	$ 603,907	$ 108,253	$496,855	$ 625,331	$ 128,476	57.85
Operating Expenses	310,933	266,432	319,485	53,053	267,025	266,976	(49)	2.75
Equipment	63,117	33,652	120,000	86,348	25,000	108,000	83,000	90.12
TOTAL EXPENSES	$756,635	$795,738	$1,043,392	$ 247,654	$788,880	$1,000,307	$ 211,427	37.90
FUNDING								
General Fund	$ 0	$ 0	$ 790,698	$ 790,698	$ 0	$ 754,708	$ 754,708	0.00
State Special Rev	755,975	795,738	192,694	(603,044)	788,880	197,599	(591,281)	(74.51)
Federal Revenue	660	0	60,000	60,000	0	48,000	48,000	8,990.91
TOTAL FUNDING	$756,635	$795,738	$1,043,392	$ 247,654	$788,880	$1,000,307	$ 211,427	37.90

Program Description: The Forensic Science Division, which includes the State Crime Lab and the State Medical Examiner, provides for a statewide system of death investigations, forensic science training, scientific criminal investigations in the state, and scientific analysis of specimens submitted by law enforcement officials, coroners, and state agencies. The laboratory analyzes blood, breath, and urine samples taken by law enforcement officers in connection with driving under the influence of alcohol or drugs (DUI) cases. The laboratory also performs drug and alcohol screens for the Department of Institutions.

Budget: The budget provides for a 37.9 percent increase from fiscal 1988 to fiscal 1990, due primarily to high vacancy savings in fiscal 1988 and the program expansions discussed below.

Personal services increase 57.9 percent due to the addition of a 1.00 FTE division administrator and a 1.00 FTE DUI specialist discussed under program expansions, the pay plan increase, and a 26 percent actual vacancy savings rate in fiscal 1988, including a vacancy in the state chief examiner's (division director) position for the entire year. This compares to no vacancy savings budgeted in the 1991 biennium.

Operating expenses increase due to costs of program expansions discussed below. Before program expansions, operating expenses decrease nearly 20 percent due to the removal of one-time costs of approximately $50,000 in fiscal 1988 related to contracting for services normally provided by the chief medical examiner. Vacancy savings resulting from

the absence of a full-time chief examiner were transferred to operating expenses to fund the increases, and are removed from 1991 biennium current level. Travel expenses in fiscal 1988 exceeded appropriated levels by over $10,000 and were reduced to 1989 biennium appropriated levels in current level for the 1991 biennium. These reductions nearly offset program expansion increases.

Equipment funds are included at $60,000 per year for the replacement of laboratory equipment on a priority basis, and $60,000 in fiscal 1990 plus $48,000 in fiscal 1991 from federal funds for 15 additional intoxilizer machines discussed below.

Program Expansions:

1. West Wing Expansion - A modified request was approved for expansion of the State Crime Lab into an available west wing of the current facility to eliminate overcrowding in the lab and security problems. The cost includes $54,000 in fiscal 1990 only for one-time renovation costs and $8,400 per year in increased rent and operating costs.

2. Intoxilizer Machines - A modified request was approved for the purchase of 15 additional intoxilizer machines for distribution to local law enforcement agencies for DUI tests. The machines are serviced and maintained by the State Crime Lab. Federal funds of $60,000 in fiscal 1990 and $48,000 in fiscal 1991 will be provided by a Highway Traffic Safety grant.

3. DUI Scientist - A modified request of $32,424 per year was approved from state special revenue funds for the addition of a 1.00 FTE forensic scientist to be a DUI specialist, including sample analyses, installation/repair/maintenance of intoxilizer machines, train and certify law enforcement personnel, and provide expert courtroom testimony. The additional position was added to handle increased workloads of more court testimony days and more intoxilizer machines to maintain.

4. Crime Lab Manager - A modified request of $52,600 in fiscal 1990 and $53,900 in fiscal 1991 was approved from general fund to add a 1.00 FTE division administrator with primary duties to manage the state crime lab. The division has previously operated under the direction of the chief medical examiner. House Bill 782 was introduced in the 1989 legislature to amend statute to provide for revision of division management procedures.

Funding: The program is funded by alcoholism treatment state special revenue funds of $192,694 in fiscal 1990 and $197,599 in fiscal 1991 for the laboratory testing and intoxilizer equipment maintenance done by the crime lab for the DUI program. This is a 34 percent increase over fiscal 1988 levels ($143,835) due to the addition of the DUI specialist position in the 1991 biennium. The balance of the state special revenue funds in the 1989 biennium are from the motor vehicle state special revenue account. The motor vehicle account was de-earmarked by the 1989 legislature upon passage of House Bill 744, and appropriation authority is transferred to general fund in the 1991 biennium, resulting in the new general fund appropriation and the corresponding decrease in state special revenue. Federal funds are from a Highway Traffic Safety Division grant for the purchase of 15 intoxilizer machines.

Other Legislation:

1. House Bill 782 - Revision of Forensic Functions - The legislature approved an act generally revising the forensics functions of the Department of Justice. The act statutorily established a division of forensic sciences, and revised the authority of the Attorney General concerning forensics personnel. It eliminated the requirement that the state medical examiner administer the forensic science lab. Funding was included in the general appropriations act for an administrator to manage the Forensic Science Division.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $10,100 per year due to the elimination of vacancy savings; 2) $17,468 in fiscal 1990 plus $36,358 in fiscal 1991 for the pay plan increase; 3) a reduction of $13,900 in fiscal 1990 and $12,800 in fiscal 1991 due to the elimination of an executive proposal for a central services cost allocation plan; 4) an increase for general lab equipment of $26,300 in fiscal 1990 and $35,000 in fiscal 1991; and 5) an increase of $207,400 in fiscal 1990 and $142,700 in fiscal 1991 for the four approved program expansions discussed on the previous page. A state special revenue fund appropriation in the executive budget for this program was shifted to general fund as a result of de-earmarking the motor vehicle state special revenue account.

AGENCY: HIGHWAY TRAFFIC SAFETY DIVISION

LEGISLATIVE ACTION

PROGRAM: HIGHWAY TRAFFIC SAFETY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	8.50	8.50	8.50	0.00	8.50	8.50	0.00	0.00
Personal Services	$ 255,090	$ 254,033	$ 265,987	$11,954	$ 255,041	$ 275,679	$20,638	4.27
Operating Expenses	195,075	195,717	195,853	136	193,242	193,378	136	0.40
Equipment	465	3,000	3,000	0	3,000	3,000	0	545.16
Non-Operating	795,991	920,000	920,000	0	920,000	920,000	0	15.58
TOTAL EXPENSES	$1,246,621	$1,372,750	$1,384,840	$12,090	$1,371,283	$1,392,057	$20,774	11.09
FUNDING								
General Fund	$ 76,050	$ 200,000	$ 200,000	$ 0	$ 200,000	$ 200,000	$ 0	162.98
State Special Rev	66,228	72,000	73,913	1,913	72,000	76,030	4,030	11.60
Federal Revenue	1,104,343	1,100,750	1,110,927	10,177	1,099,283	1,116,027	16,744	0.60
TOTAL FUNDING	$1,246,621	$1,372,750	$1,384,840	$12,090	$1,371,283	$1,392,057	$20,774	11.09

Program Description: The Highway Traffic Safety Division assists local and state governmental entities in promoting traffic safety in order to reduce death, injury, and property loss that result from highway traffic accidents. Current program priorities include alcohol education and occupant restraint usage projects.

Budget: The budget provides for an 11.1 percent increase from fiscal 1988 to fiscal 1990. The increase can be attributed to an increase in pass-through funds. The 1987 legislature established a program for distribution to counties by the Highway Traffic Safety Division of drivers' license reinstatement fees for drinking and driving prevention programs. Fiscal 1988 figures include $76,050 in pass-through funds for the first year of the program, whereas $200,000 is included in each year of the 1991 biennium. Total operating costs increase slightly due to the pay plan increase.

Equipment in the 1991 biennium includes $3,000 per year for computer hardware replacement and the purchase of software for traffic accident data collection.

Non-operating costs are pass-through grant funds, including $720,000 in federal grant funds and $200,000 general fund for county DUI Task Force Programs.

Funding: Funding for operating costs and federal grants is provided by federal funds from the National Highway Traffic Safety Administration. A 50 percent state match on administration and planning costs is required in order to secure federal funds. The state's 50 percent match, $73,913 in fiscal 1990 and $76,030 in fiscal 1991, comes from the Highways' Special Revenue Account.

General fund is provided from collections of drivers' license reinstatement fees after revocation and is appropriated to the Highway Traffic Safety Division for distribution to counties with an established drinking and driving prevention program. General fund authority is limited to the amount of revenues collected from the program.

Difference From Executive: The only significant legislative adjustments to the executive budget were to add $3,900 per year due to the elimination of vacancy savings and $8,033 in fiscal 1990 plus $16,702 in fiscal 1991 for the pay plan increase.

LEGISLATIVE ACTION

AGENCY: CRIME CONTROL DIVISION

PROGRAM: BOARD OF CRIME CONTROL

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	17.00	17.00	16.00	(1.00)	17.00	16.00	(1.00)	(1.00)
Personal Services	$ 470,888	$ 489,069	$ 486,272	$ (2,797)	$ 490,418	$ 503,604	$ 13,186	3.27
Operating Expenses	161,420	170,675	160,017	(10,658)	161,757	151,193	(10,564)	(0.87)
Equipment	12,531	0	3,675	3,675	0	0	0	(70.67)
Non-Operating	1,878,042	2,661,500	2,904,500	243,000	2,761,500	2,904,500	143,000	54.66
TOTAL EXPENSES	$2,522,881	$3,321,244	$3,554,464	$233,220	$3,413,675	$3,559,297	$145,622	40.89
FUNDING								
General Fund	$ 408,865	$ 414,870	$ 445,424	$ 30,554	$ 408,770	$ 446,597	$ 37,827	8.94
State Special Rev	280,857	359,374	315,713	(43,661)	475,905	433,665	(42,240)	12.41
Federal Revenue	1,833,159	2,547,000	2,793,327	246,327	2,529,000	2,679,035	150,035	52.38
TOTAL FUNDING	$2,522,881	$3,321,244	$3,554,464	$233,220	$3,413,675	$3,559,297	$145,622	40.89

Program Description: The Montana Board of Crime Control is governed by a supervisory board of 18 members, appointed by the Governor and representing law enforcement and criminal justice agencies. The major source of funding for this agency until fiscal 1984 was the now defunct Law Enforcement Assistance Administration.

The mission of the Board of Crime Control is to promote public safety by strengthening the coordination and performance of the criminal and juvenile justice system and by increasing citizen and public official support and involvement in criminal justice. In addition to administering several federal action grant programs related to criminal justice, the agency provides technical and supportive services in the areas of jail improvement, management and statistical analysis, crime prevention, crimestoppers, manpower development, information systems, and residential programs for youth in trouble, and establishes minimum law enforcement standards for personnel, equipment and procedures, as well as certification of law enforcement officers. The agency also administers a juvenile justice training program for law enforcement officials and the state crime victims' compensation program.

Legislative Intent: Language is included in House Bill 100 as follows:

All remaining appropriation authority for the 1989 biennium federal pass-through grant authority is authorized to continue into fiscal 1990 and fiscal 1991.

The Board of Crime Control shall charge tuition and fees sufficient to reimburse the general fund for costs associated with the juvenile justice training program and for technical assistance provided to local law enforcement agencies as appropriated in item 8. The tuition and fees collected are to be deposited into the general fund.

The Board of Crime Control administers several federal pass-through grant programs, which have a three-year appropriation authority, on a federal fiscal year basis. To provide continuing authority for the pass-through grants for the three-year federal authority, the pass-through grant funds are biennial appropriations, and language as quoted above is included in House Bill 100 to allow prior biennium federal grant authority to continue into the 1991 biennium.

The second language quoted above is to provide spending authority from the general fund of up to $45,000 per year for the juvenile justice training program and technical assistance, contingent upon collection of fees and tuition for recovery of those costs.

Budget: The budget provides for a 40.9 percent increase from fiscal 1988 to fiscal 1990. Total operating costs appear to decrease, but if budget amendments of $46,697 are removed from the 1988 expenditures, there is an increase in operating costs of 8.7 percent. The increase in total operating costs is primarily due to an actual vacancy savings in fiscal 1988 of 7 percent and an increase in total contract services for training classes to 1988 appropriated levels. The training courses were cut back in fiscal 1988. The funding for the courses will be provided primarily by course tuition fees. The reduction of a 1.00 FTE accounting position and the elimination of vacancy savings were nearly offsetting.

The majority of the 40 percent increase is in non-operating costs, and can be attributed to an increase in federal pass-through grant funds. Table 1 shows the pass-through grants and benefit program funding included in the budget.

Table 1
Non-Operating Costs (Pass-Through Grants/Benefits)
1991 Biennium

	Fiscal 1990	Fiscal 1991
Pass-Through Grant Funds		
Victims Assistance	$ 224,000	$ 224,000
Criminal Justice Assistance Block Grants	396,000	396,000
Juvenile Justice	242,500	242,500
Drug Education/Prevention	427,000	427,000
Drug Enforcement Block Grant	1,240,000	1,240,000
Total Pass-Through Grants	$2,529,500	$2,529,500
Crime Victims' Compensation Benefits		
State	$ 257,000	$ 375,000
Federal	118,000	-0-
Total Victims' Compensation Benefits	$ 375,000	$ 375,000
Total Non-Operating Costs	$2,904,500	$2,904,500

The grant amounts shown in Table 1 are similar to the amounts appropriated for the 1989 biennium, except for the drug enforcement block grant, which increases over $340,000 per year; the juvenile justice grants, which increase $100,000 per year; and the Drug Education/Prevention grants, which increase over $140,000 per year over fiscal 1988 levels. The amounts are not firm award amounts, but are based upon federal estimates. The total crime victims' compensation benefits included in current level are similar to the 1989 biennium, but the mix of state and federal funding will change. The federal program sunsets in fiscal 1990, and if the program is not continued, the state fund will be required to absorb the $118,000 to $136,000 per year of federal funds received during the past three years. The revenues dedicated to this program, a portion of certain highway patrol fines, are sufficient to absorb the potential loss of federal funds.

Equipment requested in fiscal 1990 is $2,175 for replacement of office equipment and $1,500 for a computer workstation.

Funding: In addition to federal funding for the pass-through grant programs and a portion of crime victims' compensation benefits in fiscal 1990, federal funding of $82,500 per year is provided for juvenile justice programs,

including $54,375 for the Juvenile Information Reporting System, $11,250 for operations of the Youth Justice Council, and $16,875 for administration of the Juvenile Justice Grant Program. Federal funds of $60,000 per year are also provided for administration of the Drug Enforcement Block Grant Program. The pay plan increase added federal fund authority of $3,327 in fiscal 1990 and $7,035 in fiscal 1991 for program administration.

State special revenue funds are for the crime victims' compensation benefits and administration.

Funding for all other Board of Crime Control activities is general fund, including a 50 percent match of $16,875 for the juvenile justice grant administration, operations of the Peace Officer Standards and Certification Program, the Montana Uniform Crime Reporting System, general agency administration, and administrative costs of two of the federal pass-through grant programs, which cannot utilize any federal grant funds for grant program administration.

General fund spending authority of $45,000 per year is included in current level to be provided by tuition and fees for Juvenile Justice Training Programs and fees for technical assistance to local law enforcement agencies. This authority was from the state special revenue fund in the 1989 biennium, but has been de-earmarked, with revenue and expenditure authority transferred to the general fund.

Difference From Executive: Legislative adjustments to the executive budget included the following: 1) an increase of $9,900 per year due to the elimination of vacancy savings; 2) $14,826 in fiscal 1990 and $30,800 in fiscal 1991 for the pay plan increase; 3) a reduction of $26,000 per year due to the elimination of a 1.00 FTE accountant position; 4) a reduction of $12,500 per year to reduce training costs to fiscal 1988 base levels; 5) the addition of $3,675 in fiscal 1990 for office equipment; and 6) $243,000 in fiscal 1990 and $143,000 in fiscal 1991 in increased federal pass-through grant authority for the drug education and juvenile justice grant programs.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	749.67	737.67	677.08	(60.59)	695.37	675.58	(19.79)	(72.59)
Personal Services	$15,423,705	$16,429,262	$16,019,133	$ (410,129)	$15,634,916	$16,642,866	$ 1,007,950	3.86
Operating Expenses	4,544,164	5,135,327	3,937,458	(1,197,869)	4,629,827	3,694,270	(935,557)	(13.35)
Equipment	625,323	381,632	168,224	(213,408)	249,902	137,740	(112,162)	(73.10)
Non-Operating	31,557	220,497	170,884	(49,613)	220,497	170,884	(49,613)	441.51
TOTAL EXPENSES	$20,624,749	$22,166,718	$20,295,699	$(1,871,019)	$20,735,142	$20,645,760	$ (89,382)	(1.60)
FUNDING								
General Fund	$17,085,922	$18,260,522	$18,152,627	$ (107,895)	$16,907,821	$18,482,268	$ 1,574,447	6.24
State Special Rev	1,214,669	1,643,493	1,003,856	(639,637)	1,607,486	1,020,917	(586,569)	(17.36)
Federal Revenue	1,586,231	1,404,459	324,024	(1,080,435)	1,396,543	329,515	(1,067,028)	(79.57)
Proprietary Fund	737,927	858,244	815,192	(43,052)	823,292	813,060	(10,232)	10.47
TOTAL FUNDING	$20,624,749	$22,166,718	$20,295,699	$(1,871,019)	$20,735,142	$20,645,760	$ (89,382)	(1.60)

Program Description: The Department of Revenue is responsible for the collection and enforcement of approximately 31 state taxes and fees. It is also responsible for regulating the sale and distribution of alcoholic beverages in Montana. The department is organized into the Director's Office and eight operating divisions. The Liquor Division is not reflected in the agency main table.

Legislative Intent:

Liquor division proprietary funds necessary to maintain adequate inventories of liquor and wine and to operate the state liquor operation are appropriated. During the 1991 biennium, the division shall attempt to return at least 10% of net sales. Net sales are gross sales less discounts and all taxes collected. The division shall limit operational expenses of the liquor merchandising system to not more than 15% of net sales. Operational expenses may not include product costs, freight charges, or expenses allocable to other divisions or licensing bureau expenses.

Budget: The Department of Revenue budget decreases 1.6 percent from fiscal 1988 to fiscal 1990 due to the 72.59 FTE reduction between fiscal 1988 and fiscal 1990 which is summarized here: 1) 5.09 FTE are deleted due to extended vacancies; 2) 5.00 FTE are deleted due to implementing an on-line computer system in the Property Assessment Division and the Income and Miscellaneous Tax Division; 3) 2.00 FTE are eliminated as these are related to Senate Bill 200 from the 1987 legislature and are slated for removal in fiscal 1989; 4) 1.00 FTE is deleted by the department in the Property Assessment Division; 5) 1.50 FTE in 1990 and 3.00 FTE in 1991 are transferred to the State Auditor's Office as the bad debt collection function is transferred effective January 1, 1990; 6) 51.00 FTE are transferred to the Department of SRS as the Child Support Enforcement Bureau was moved to that agency effective July 1, 1989; and 7) 7.00 FTE are transferred to the Department of Justice as Senate Bill 431 moves the video poker investigation function to that agency.

The Income and Miscellaneous Tax Division's implementation of its on-line computer system adds $126,582 to the operating budget each year. Higher insurance costs and Multistate Tax Commission dues and audit fees add $54,587 in fiscal 1990 and $62,495 in fiscal 1991.

The rate reductions proposed by the Department of Administration Information Services Division impact most of the divisions in the Department of Revenue as the department is heavily automated. In fiscal 1990, $152,162 is saved in division budgets due to the rate reductions and $181,334 is saved in fiscal 1991.

The 1987 legislature set the county computer support budget in the Property Assessment Division at $130,000 in fiscal 1988 and $80,000 in fiscal 1989 due to the anticipated automation of some functions in the county appraisal offices. The 1991 biennium budget includes $80,000 annually for this purpose.

The department is implementing a new computer system in the Property Assessment Division. A total of $284,432 was removed from on-going expenditures (of which $46,354 was personal services and $238,078 was operating costs). New costs for the system, $124,000 for computer networks and equipment maintenance and $155,884 for long-term equipment purchases, were added each year of the 1991 biennium. The equipment will be paid off at the end of fiscal 1994.

Non-operating expenditures in the 1991 biennium include $15,000 annually for federal welfare fraud funds which are passed through to local governments as reimbursement for enforcement activities at the local level. Debt service payments for the Property Assessment Division's new computer system, $155,884 annually, constitute the remainder of non-operating costs.

Funding: General fund supports all or a portion of every division in the Department of Revenue except for the Motor Fuels Division. General fund is budgeted to increase 6.2 percent from fiscal 1988 to fiscal 1990 for three primary reasons. First, not applying vacancy savings has a significant impact on total personal services. Since general fund is the primary funding source for this department, general fund increases when personal services increases. Second, the legislature approved a modified budget request for House Bill 436 functions (HB436 was passed by the 1987 legislature requiring annual sales assessment ratio studies) which was funded from the Education Trust Fund in fiscal 1988. This added $245,164 general fund in fiscal 1990 and $245,229 general fund in fiscal 1991. Third, the authorized pay plan adds $529,491 general fund in fiscal 1990 and $1,098,454 in fiscal 1991.

State special revenue includes highways special revenue, video poker license fees allocated for the investigation function, unclaimed property proceeds, nongame wildlife checkoff funds, oil and gas special revenue, an allocation from the 911 emergency telephone account, and the state lands resource development account. State special revenues are used in the Director's Office, the Investigation and Enforcement Division, the Income and Miscellaneous Tax Division, the Natural Resources and Corporation Tax Division, and the Motor Fuels Division.

Federal funds include medicaid and welfare fraud investigation funds, and federal royalty audit funds. These funds are used in the Centralized Services Division, the Investigation and Enforcement Division, and the Natural Resources and Corporation Tax Division.

Proprietary funds are Liquor Division funds and are used to support a portion of the Director's Office, the Data Processing Division, and the Investigation and Enforcement Division.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE — PROGRAM: DIRECTOR'S OFFICE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	7.50	7.50	7.50	0.00	7.50	7.50	0.00	0.00
Personal Services	$256,402	$260,779	$274,259	$ 13,480	$261,676	$284,014	$22,338	6.96
Operating Expenses	117,111	233,046	230,512	(2,534)	127,671	125,169	(2,502)	96.83
Equipment	5,359	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$378,872	$493,825	$504,771	$ 10,946	$389,347	$409,183	$19,836	33.23
FUNDING								
General Fund	$296,878	$368,575	$391,804	$ 23,229	$307,389	$321,288	$13,899	31.97
State Special Rev	81,994	98,271	85,988	(12,283)	81,958	87,895	5,937	4.87
Proprietary Fund	0	26,979	26,979	0	0	0	0	0.00
TOTAL FUNDING	$378,872	$493,825	$504,771	$ 10,946	$389,347	$409,183	$19,836	33.23

Program Description: The Director's Office provides management control, coordination of policy direction, strategic planning, and personnel services that assist the tax programs in carrying out their respective collection and enforcement responsibilities.

Budget: Total expenditures are budgeted to increase 33.2 percent from fiscal 1988 to fiscal 1990 due to budgeting the biennial legislative audit appropriation in fiscal 1990 and increased insurance costs. In fiscal 1988, the agency spent $29,125 of a $123,730 appropriation for legislative audit costs; $107,919 is budgeted in fiscal 1990. Insurance fees paid to the Tort Claims Division of the Department of Administration double in the 1991 biennium. In fiscal 1988, the insurance premium paid was $39,526; $78,899 is budgeted in fiscal 1990 and $81,362 is budgeted in fiscal 1991 for insurance costs.

Funding: The Director's Office is funded from general fund, a portion of the highway state special revenue account, and Liquor Division proprietary funds. The highway state special revenue is allocated to the Director's office to pay for administrative costs incurred on behalf of the Motor Fuels Tax Division. The Liquor Division proprietary fund is used to pay a portion of the legislative audit costs.

Difference From Executive: The legislative appropriation exceeds the executive budget request because no vacancy savings is applied in the 1991 biennium. This adds approximately $5,300 annually. In addition, the pay plan adds $8,158 in fiscal 1990 and $16,998 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE — PROGRAM: LEGAL OFFICE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	7.00	7.00	7.00	0.00	7.00	7.00	0.00	0.00
Personal Services	$222,138	$243,087	$255,522	$12,435	$243,278	$263,745	$20,467	15.03
Operating Expenses	33,024	33,326	31,156	(2,170)	33,267	31,096	(2,171)	(5.66)
Equipment	10,887	0	3,000	3,000	0	3,000	3,000	(72.44)
TOTAL EXPENSES	$266,049	$276,413	$289,678	$13,265	$276,545	$297,841	$21,296	8.88
FUNDING								
General Fund	$218,179	$226,990	$236,520	$ 9,530	$227,099	$243,211	$16,112	8.41
Proprietary Fund	47,870	49,423	53,158	3,735	49,446	54,630	5,184	11.05
TOTAL FUNDING	$266,049	$276,413	$289,678	$13,265	$276,545	$297,841	$21,296	8.88

Program Description: The Office of Legal Affairs provides legal representation and other legal services to the director and the eight divisions of the department, especially the tax administering divisions. The office handles a large number of tax appeals before the State Tax Appeal Board, as well as state courts. The major activities of the office consist of litigation preparation, legal research, and writing legal opinions and briefs.

Budget: Total expenditures are budgeted to increase 8.9 percent from fiscal 1988 to fiscal 1990 due to increased personal services. The program experienced an actual 12.8 percent vacancy savings rate in fiscal 1988. Full funding of personal services in the 1991 biennium contributes to the personal services budget increase. Operating expenses decrease 5.7 percent as the legislature returned operating expenses to the fiscal 1988 appropriated level.

Equipment expenditures are budgeted $3,000 annually for replacing computer equipment.

Funding: The program is funded from general fund and an allocation from the Liquor Division proprietary fund.

Difference From Executive: The legislative appropriation exceeds the executive budget request because no vacancy savings is applied in the 1991 biennium. This adds approximately $4,960 annually to the executive budget. In addition, the pay plan adds $7,474 in fiscal 1990 and $15,502 in fiscal 1991. Lower operating costs approved by the legislature are offset by higher funding for equipment purchases.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE

PROGRAM: CENTRALIZED SERVICES DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	34.04	35.27	32.27	(3.00)	35.27	30.77	(4.50)	(1.77)
Personal Services	$693,286	$731,417	$704,249	$(27,168)	$733,243	$696,950	$(36,293)	1.58
Operating Expenses	124,350	126,005	118,143	(7,862)	122,186	112,483	(9,703)	(4.99)
Equipment	37,078	0	9,000	9,000	0	6,000	6,000	(75.73)
TOTAL EXPENSES	$854,714	$857,422	$831,392	$(26,030)	$855,429	$815,433	$(39,996)	(2.73)
FUNDING								
General Fund	$848,114	$850,820	$824,822	$(25,998)	$848,842	$808,862	$(39,980)	(2.75)
Federal Revenue	6,600	6,602	6,570	(32)	6,587	6,571	(16)	(0.45)
TOTAL FUNDING	$854,714	$857,422	$831,392	$(26,030)	$855,429	$815,433	$(39,996)	(2.73)

Program Description: The Centralized Services Division provides support services to all department divisions. In addition, the division administers the beer and wine tax statutes regarding department tax collections. The bad debt collection service will be transferred to the State Auditor's Office effective January 1, 1990.

Budget: The budget decreases 2.7 percent from fiscal 1988 to fiscal 1990. Full-time equivalent positions decrease 1.77 FTE as a result of 3.00 FTE deletions and returning 1.23 FTE to this division which had been transferred to other programs in fiscal 1988. 1.50 FTE deletions were due to extended vacancies and 1.50 FTE deletions were due to transferring the bad debt collection function to the State Auditor's Office effective January 1, 1990. An additional 1.50 FTE are transferred to the State Auditor's Office in fiscal 1991. Operating expense reductions occur primarily due to reduced computer processing charges.

The equipment budget includes $3,000 in fiscal 1990 for a used van and $6,000 for two computers each year, which fund the division's top two priority equipment items.

Funding: The Centralized Services Division is funded from general fund and federal child support funds. The federal funds are used to reimburse for administrative costs incurred on behalf of the child support enforcement program. As the child support enforcement program was transferred to the Department of Social and Rehabilitation Services effective July 1, 1989, the federal appropriation and related expenditures in this program will become unnecessary.

Difference From Executive: The 1991 biennium budget is less than the executive budget request as a result of the following factors: 1) the bad debt collection transfer to the State Auditor's Office reduces the budget $38,236 in fiscal 1990 and $76,471 in fiscal 1991; 2) 1.50 FTE deleted from the budget reduces the budget $32,588 in fiscal 1998 and $32,613 in fiscal 1991; 3) not applying vacancy savings increases the budget $14,818 in fiscal 1990 and $14,855 in fiscal 1991; and 4) the pay plan adds $27,265 in fiscal 1990 and $53,863 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE

PROGRAM: DATA PROCESSING DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	54.33	56.50	50.50	(6.00)	56.50	50.50	(6.00)	(3.83)
Personal Services	$1,219,269	$1,395,979	$1,338,955	$ (57,024)	$1,398,364	$1,391,754	$ (6,610)	9.82
Operating Expenses	203,284	239,635	174,905	(64,730)	216,847	178,950	(37,897)	(13.96)
Equipment	0	0	2,860	2,860	0	3,125	3,125	0.00
TOTAL EXPENSES	$1,422,553	$1,635,614	$1,516,720	$(118,894)	$1,615,211	$1,573,829	$(41,382)	6.62
FUNDING								
General Fund	$ 914,094	$1,141,197	$1,061,984	$ (79,213)	$1,127,458	$1,104,223	$(23,235)	16.18
Other Revenue	87,755	0	0	0	0	0	0	(100.00)
Proprietary Fund	420,704	494,417	454,736	(39,681)	487,753	469,606	(18,147)	8.09
TOTAL FUNDING	$1,422,553	$1,635,614	$1,516,720	$(118,894)	$1,615,211	$1,573,829	$(41,382)	6.62

Program Description: The Data Processing Division provides automated data and word processing services, detailed systems requirements analysis, systems development and maintenance services, data entry services, computer operation support services, technical support for departmental and personal computers, and research services relating to tax policy, revenue estimating, and Montana tax laws.

Budget: The approved budget provides a 6.6 percent increase in fiscal 1990 from fiscal 1988 due to personal services increases caused by the net effect of position upgrades, downgrades, and turnovers; not applying vacancy savings in the 1991 biennium; and pay plan. This program is budgeted for a 3.83 FTE reduction from fiscal 1988 to fiscal 1990. This occurs due to several position changes including: 1) transferring 1.00 FTE to the Centralized Services Division; 2) transferring in a 0.17 FTE from the Income Tax Division; 3) deleting 3.00 FTE due to the decreased need for data entry personnel because of the Property Assessment Division's new computer system; 4) deleting 3.00 FTE due to the positions being funded with one-time revenues in fiscal 1988; and 5) adding 3.00 FTE in the budget modification approved by the legislature.

Operating costs decrease 14 percent due to reduced computer fees.

Program Expansion:

1. Annual Sales Assessment Studies - The legislature approved the addition of 3.00 FTE (1 statistician and 2 data entry operators) and $58,808 in fiscal 1990 and $58,853 in fiscal 1991 funded from the general fund for work associated with annual sales assessment ratio studies required by House Bill 436 passed by the 1987 legislature. In fiscal 1988, the agency expended $87,755 of Education Trust funds and allocated 3.00 current level FTE for this purpose. The 3.00 current level FTE were removed from the budget before the 3.00 modified FTE were added.

Funding: The Data Processing Division is funded from general fund and an allocation from the Liquor Division proprietary fund. In fiscal 1988, the division received a supplemental appropriation for House Bill 436. The fund source for the supplemental, the Education Trust Fund, is classified in the table as Other Revenue. This funding is not carried into the 1991 biennium.

Difference From Executive: The 1991 biennium budget is less than requested by the executive due to the following factors: 1) the legislature budgeted approximately $96,000 and 3.00 FTE less annually than requested for current level services as these positions were used for modified level services in the budget base year; 2) the legislature approved approximately $41,000 and 3.00 FTE less annually than the executive requested for annual sales assessment ratio studies; 3) not applying vacancy savings adds $26,022 in fiscal 1990 and $26,029 in fiscal 1991; 4) the pay plan adds $46,798 in fiscal 1990 and $97,481 in fiscal 1991; 5) the legislature reduced base operating expenses $21,200 due to the Property Assessment Division's new computer system reducing operating requirements and because the department overspent its fiscal year 1988 operating base; 6) the remaining operating expense difference is primarily due to the executive requesting increases in computer operating and support fees and increased travel costs which were not approved by the legislature. This difference is approximately $43,000 in fiscal 1990 and $16,000 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE

PROGRAM: INVESTIGATION & ENFORCEMENT
DIV. - LEGAL ADMINISTRATION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	2.00	2.00	2.00	0.00	2.00	2.00	0.00	0.00
Personal Services	$84,049	$68,595	$72,166	$3,571	$68,722	$74,619	$5,897	(14.14)
Operating Expenses	6,063	7,242	7,242	0	7,232	7,232	0	19.45
Equipment	1,792	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$91,904	$75,837	$79,408	$3,571	$75,954	$81,851	$5,897	(13.60)
FUNDING								
General Fund	$31,180	$21,595	$21,964	$ 369	$22,209	$22,608	$ 399	(29.56)
State Special Rev	5,336	11,934	12,154	220	11,955	12,176	221	127.77
Federal Revenue	44,161	34,103	34,763	660	33,572	34,203	631	(21.28)
Proprietary Fund	11,227	8,205	10,527	2,322	8,218	12,864	4,646	(6.23)
TOTAL FUNDING	$91,904	$75,837	$79,408	$3,571	$75,954	$81,851	$5,897	(13.60)

Program Description: The Legal Administration Program contains the division administrator and an administrative secretary for the Investigation and Enforcement Division.

Budget: The budget provides a 13.6 percent decrease from fiscal 1988 to fiscal 1990. This decrease is caused by a permanent transfer of 1.00 FTE to the Child Support Enforcement Bureau which originated during fiscal 1988. The 1990 operating expense budget increases 19.5 percent over fiscal 1988 expenditures to reflect SBAS on-line entry and edit charges. No equipment was requested for this program.

Funding: The administration program is funded from an allocation of all the funds that support the other programs in the division, including: general fund; video poker fees; federal child support, welfare fraud, and medicaid fraud funds; and Liquor Division proprietary funds. As the child support function was transferred to the Department of Social and Rehabilitation Services effective July 1, 1989, the federal child support appropriation and related expenditures in this program will become unnecessary.

Difference From Executive: The legislative appropriation exceeds the executive budget request because no vacancy savings was applied in the 1991 biennium. This adds $1,400 in fiscal 1990 and $1,403 in fiscal 1991. The pay plan adds $2,171 in fiscal 1990 and $4,494 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE

PROGRAM: INVESTIGATION & ENFORCEMENT
DIV.- INVESTIGATION PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	19.00	23.00	12.00	(11.00)	23.00	12.00	(11.00)	(7.00)
Personal Services	$452,573	$607,563	$331,286	$(276,277)	$609,179	$341,890	$(267,289)	(26.80)
Operating Expenses	120,930	138,038	76,221	(61,817)	137,100	78,519	(58,581)	(36.97)
Equipment	41,867	173,211	17,044	(156,167)	169,605	13,459	(156,146)	(59.29)
Non-Operating	1,904	15,000	15,000	0	15,000	15,000	0	687.82
TOTAL EXPENSES	$617,274	$933,812	$439,551	$(494,261)	$930,884	$448,868	$(482,016)	(28.79)
FUNDING								
General Fund	$ 28,163	$ 32,608	$ 33,667	$ 1,059	$ 32,692	$ 34,377	$ 1,685	19.54
State Special Rev	225,174	493,966	0	(493,966)	492,844	0	(492,844)	(100.00)
Federal Revenue	105,811	128,018	136,092	8,074	127,473	138,531	11,058	28.62
Proprietary Fund	258,126	279,220	269,792	(9,428)	277,875	275,960	(1,915)	4.52
TOTAL FUNDING	$617,274	$933,812	$439,551	$(494,261)	$930,884	$448,868	$(482,016)	(28.79)

Program Description: The Investigation Program performs the criminal and regulatory investigative functions required by state and federal statute. Specific areas of responsibility are alcoholic beverage control, welfare fraud investigation, cigarette tax enforcement, criminal income tax, and intradepartmental investigation, as well as special investigation when required.

Budget: The budget provides a 28.8 percent decrease from fiscal 1988 to fiscal 1990 due to transferring 7.00 FTE and $243,141 in fiscal 1990 and $241,921 in fiscal 1991 for personal services and operating expenses relating to video poker investigations. This function has been transferred to the Department of Justice.

Equipment funding includes $17,044 in fiscal 1990 and $13,459 in fiscal 1991 for vehicle and computer equipment purchases.

Non-operating costs include federal pass-through funds to local governments for partial reimbursement of prosecution costs relating to criminal welfare fraud cases referred by the Department of Revenue.

Funding: The Investigations Program is funded from federal welfare and medicaid fraud funds, Liquor Division proprietary funds, and general fund. Federal welfare fraud funds pay for the pass-through costs to local governments in addition to an allocation of the Investigations Program cost.

Difference From Executive: The legislative appropriation is less than the executive budget request due to the following factors: 1) the video poker investigation function was transferred to the Department of Justice in Senate Bill 431. This removed 7.00 FTE each year and $243,141 in fiscal 1990 and $241,921 in fiscal 1991 from this program; 2) the legislature denied a budget modification requested by the executive for 4.00 FTE and $254,600 annually; and 3) the pay plan adds $10,555 in fiscal 1990 and $21,948 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE

PROGRAM: INVESTIGATION & ENFORCEMENT DIVISION-CHILD SUPPORT

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	51.00	53.00	0.00	(53.00)	53.00	0.00	(53.00)	(51.00)
Personal Services	$1,129,473	$1,170,162	$0	$(1,170,162)	$1,172,879	$0	$(1,172,879)	(100.00)
Operating Expenses	400,863	436,393	0	(436,393)	426,227	0	(426,227)	(100.00)
Equipment	13,175	5,076	0	(5,076)	1,001	0	(1,001)	(100.00)
Non-Operating	21,601	35,000	0	(35,000)	35,000	0	(35,000)	(100.00)
TOTAL EXPENSES	$1,565,112	$1,646,631	$0	$(1,646,631)	$1,635,107	$0	$(1,635,107)	(100.00)
FUNDING								
General Fund	$ 488,880	$ 542,815	$0	$ (542,815)	$ 538,929	$0	$ (538,929)	(100.00)
Federal Revenue	1,076,232	1,103,816	0	(1,103,816)	1,096,178	0	(1,096,178)	(100.00)
TOTAL FUNDING	$1,565,112	$1,646,631	$0	$(1,646,631)	$1,635,107	$0	$(1,635,107)	(100.00)

Program Description: The Child Support Enforcement Bureau was created for the purpose of establishing, enforcing, and collecting support obligations owed by absent parents to their children and the spouses with whom such children are living. The Child Support Enforcement Bureau generates revenue from three sources: 1) recovered AFDC funds originally paid out by the State of Montana; 2) federal incentives paid to states for operating a cost effective program; and 3) fees generated in non-AFDC cases.

Budget: This program has been transferred to the Department of Social and Rehabilitation Services.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE

PROGRAM: INCOME AND MISCELLANEOUS TAX DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	105.55	115.15	103.15	(12.00)	116.15	103.15	(13.00)	(2.40)
Personal Services	$2,071,851	$2,462,585	$2,334,941	$(127,644)	$2,490,719	$2,433,571	$ (57,148)	12.70
Operating Expenses	1,019,498	1,183,744	1,071,207	(112,537)	1,155,699	1,033,169	(122,530)	5.07
Equipment	21,572	126,546	10,164	(116,382)	1,200	0	(1,200)	(52.88)
TOTAL EXPENSES	$3,112,921	$3,772,875	$3,416,312	$(356,563)	$3,647,618	$3,466,740	$(180,878)	9.75
FUNDING								
General Fund	$2,969,278	$3,375,174	$3,252,144	$(123,030)	$3,263,259	$3,298,926	$ 35,667	9.53
State Special Rev	143,643	397,701	164,168	(233,533)	384,359	167,814	(216,545)	14.29
TOTAL FUNDING	$3,112,921	$3,772,875	$3,416,312	$(356,563)	$3,647,618	$3,466,740	$(180,878)	9.75

Program Description: The Income and Miscellaneous Tax Division administers and enforces the Montana personal income and withholding taxes, which includes partnership returns, fiduciary and trust returns, estimated income tax, filing extensions, and elderly homeowner/renter credit. These taxes constitute the largest payments to the general fund. The distribution of the taxes is 58.2 percent to the general fund, 31.8 percent to public school equalization, and 10 percent to the long-range building program. The division is also responsible for the administration of 17 miscellaneous taxes and licenses.

Budget: Expenditures increase 9.8 percent from fiscal 1988 to fiscal 1990 due to increases in personal services and operating expenses. Full-time equivalent positions decrease 2.40 FTE from fiscal 1988 to fiscal 1990. The legislature removed two vacant positions to accommodate requested increases in computer processing charges and the net effect of agency FTE changes resulted in 0.40 FTE being transferred to other divisions. Personal services increase 12.7 percent as the division experienced a 10 percent actual vacancy savings rate in fiscal 1988 and no vacancy savings is applied in the 1991 biennium. The pay plan also contributes towards the 12.7 percent personal services increase.

Fiscal 1988 operating costs were over budget by $28,471, or 2.8 percent. Base operating costs were reduced $28,000 prior to including 1991 biennium adjustments which included $142,582 annually for computer processing costs for the division's accounts receivable and income tax systems. These systems will have on-line capabilities allowing the staff

to quickly retrieve and update data formerly kept in paper files. The on-line capability will be operational in fiscal 1989 and is expected to increase computer processing charges. Other base adjustments include $5,000 annually for increased postage costs. Deflation is estimated to reduce operating expenses approximately $89,000 from fiscal 1988 to fiscal 1990 and $37,500 from fiscal 1990 to fiscal 1991.

The budget includes $28,428 in fiscal 1990 and $27,907 in fiscal 1991 for operating costs, primarily contracted services, postage, and travel costs, relating to the accommodations tax. Actual fiscal 1988 operating expenditures for the accommodations tax were $17,280. All operating costs for the accommodations tax program in the 1989 biennium were statutorily appropriated. In the 1991 biennium, the accommodations tax program costs are required to be determined by the legislature.

House Bill 583, passed by the 1989 legislature, eliminated the statutory appropriation for administrative expenses relating to 911 emergency telephone revenue. These costs, $9,185 in fiscal 1990 and $9,173 in fiscal 1991, are now required to be made from temporary appropriations and are included in House Bill 100.

The equipment budget includes $10,164 in fiscal 1990 for a laser printer to use with the accounts receivable system and accommodate a larger number of users than its current printer.

Funding: The Income and Miscellaneous Tax Division is funded from several sources, including: general fund, unclaimed property funds, 911 emergency telephone revenue, nongame wildlife checkoff funds, and the accommodations tax.

Difference From Executive: There were several legislative adjustments to the executive request including: 1) a $309,621 and 7.00 FTE reduction in fiscal 1990 and $218,034 and 8.00 FTE reduction in fiscal 1991 for four budget modifications denied by the legislature; 2) an approximate $43,400 and 2.00 FTE reduction each year for deleting two vacant positions; 3) a $84,274 and 3.00 FTE reduction in fiscal 1990 and $75,324 and 3.00 FTE reduction in fiscal 1991 due to transferring motor fuels auditors back to the motor fuels division; 4) a $21,905 reduction in fiscal 1990 and a $22,320 reduction in fiscal 1991 due to reducing the executive request for accommodations tax operating expenses; 5) an annual $28,000 reduction in overall operating expenses to return base expenditures before adjustments to the fiscal year 1988 appropriated level; 6) an annual $14,693 reduction in postage costs allowed; 7) an approximate annual $47,100 increase due to the elimination of vacancy savings; 8) a $87,390 increase in fiscal 1990 and $181,461 increase in fiscal 1991 for the 1991 biennium pay plan; and 9) a $10,164 increase in fiscal 1990 only to provide for a laser printer.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE — PROGRAM: NATURAL RES & CORP TAX DIV

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	35.00	35.00	35.00	0.00	35.00	35.00	0.00	0.00
Personal Services	$ 949,325	$ 998,647	$1,051,242	$52,595	$1,002,619	$1,089,998	$ 87,379	10.74
Operating Expenses	318,042	332,531	352,084	19,553	336,776	356,386	19,610	10.70
Equipment	48,447	0	7,500	7,500	0	2,500	2,500	(84.52)
Non-Operating	8,052	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$1,323,866	$1,331,178	$1,410,826	$79,648	$1,339,395	$1,448,884	$109,489	6.57
FUNDING								
General Fund	$1,178,896	$1,142,816	$1,201,810	$58,994	$1,149,871	$1,234,721	$ 84,850	1.94
State Special Rev	57,046	56,442	62,417	5,975	56,791	63,953	7,162	9.42
Federal Revenue	87,924	131,920	146,599	14,679	132,733	150,210	17,477	66.73
TOTAL FUNDING	$1,323,866	$1,331,178	$1,410,826	$79,648	$1,339,395	$1,448,884	$109,489	6.57

Program Description: The Natural Resources and Corporation Tax Division administers 17 different taxes, including corporate license tax, oil and gas severance tax, coal severance tax, metal mines tax, gross and net proceeds tax, electrical energy license tax, and the resource indemnity trust tax. The division also administers the state and federal royalty audit programs related to mineral production on state and federal land in Montana.

Budget: Total expenditures increase 6.6 percent from fiscal 1988 to fiscal 1990. Personal services increase 10.7 percent due to six position upgrades authorized by the Department of Administration Personnel Division for career ladder upgrades. Adding back vacancy savings also adds approximately $40,000 annually to the personal services budget.

Operating expenses increase 10.7 percent in fiscal 1990 due to an annual $18,000 increase in travel for the federal royalty audit and is funded from federal funds. Anticipated dues and audit fees for the Multi-state Tax Commission are increased $15,214 in fiscal 1990 and $20,659 in fiscal 1991 over the amount spent for this purpose in fiscal 1988 ($68,945).

The equipment budget includes $7,500 in fiscal 1990 and $2,500 in fiscal 1991 for office equipment.

Funding: The Natural Resources and Corporation Tax Division is funded from general fund, state special revenue, and federal funds. The state special revenue includes an allocation of the oil and gas special revenue account and the state lands resource development account. The federal funds include federal royalty audit funds and are used to support 3.00 FTE and operating costs.

Difference From Executive: The legislative appropriation exceeds the executive budget for four primary reasons: 1) the elimination of vacancy savings added $20,381 in fiscal 1990 and $20,462 in fiscal 1991; 2) the 1991 biennium pay plan added $32,210 in fiscal 1990 and $66,932 in fiscal 1991; 3) the legislature provided more equipment than recommended by the executive, adding $7,500 in fiscal 1990 and $2,500 in fiscal 1991; and 4) the legislature increased out-of-state travel $18,000 annually for the federal royalty audit program.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE

PROGRAM: PROP. ASSESSMENT DIV. - ELECTED & DEPUTY ASSESSORS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	70.70	54.60	70.70	16.10	54.60	70.70	16.10	0.00
Personal Services	$1,074,002	$1,073,023	$1,567,741	$ 494,718	$1,073,865	$1,639,060	$ 565,195	45.97
Operating Expenses	398,617	331,672	0	(331,672)	331,933	0	(331,933)	(100.00)
TOTAL EXPENSES	$1,472,619	$1,404,695	$1,567,741	$ 163,046	$1,405,798	$1,639,060	$ 233,262	6.46
FUNDING								
General Fund	$1,472,619	$1,404,695	$1,567,741	$ 163,046	$1,405,798	$1,639,060	$ 233,262	6.46

Program Description: The Elected Assessors and Deputy Assessors Program contains the personal services budget for Montana's elected county assessors and the deputy assessors.

Budget: The 1987 legislature included only elected assessors in this program which reflected the agency's request. In fiscal 1988, the department combined elected assessors and deputies into one program. The fiscal 1988 expenditures reflect that combination.

Another difference between the legislative appropriation and actual fiscal 1988 expenditures is in operating expenses. The legislative appropriation was for personal services only. The legislature appropriated 70 percent funding for the assessor and deputy in the 1989 biennium. Therefore, the counties picked up the remaining 30 percent. In fiscal 1988, the department arranged for some counties to take over payroll processing responsibilities so that the assessor and deputy would no longer receive two paychecks, one from the state and one from the county. In those counties that now process the payroll, the department sends the funds to the county and the county uses the funds to pay the assessor and deputy. The transfer of the funds to the county is recorded by the department as contracted services. For budgeting purposes, all expenditures in this program can be considered personal services.

The increase between fiscal 1988 and fiscal 1990 is caused by three factors: 1) the division experienced vacancy savings in fiscal 1988 of approximately 2 percent compared to no vacancy savings in the 1991 biennium; 2) the 1991 biennium budget includes anticipated benefits increases applicable to all state employees; and 3) the legislature authorized a pay increase for the 1991 biennium which is reflected in the legislature column in the above table.

Funding: The Elected Deputy and Assessors Program is funded from general fund.

Other Legislation:

House Bill 60 established certification and continuing education requirements for all county assessors. The purpose of this bill is to assure that all assessors possess and are able to apply the knowledge, skills, and abilities required to perform the job and to benefit local governments, property taxpayers, and property tax administrators statewide by the professional development and increase competency of the county assessor. The cost of conducting the certification training and continuing education is to be borne by the state. There was no additional appropriation for this training in House Bill 60 or House Bill 100. The fiscal note prepared for House Bill 60 estimates the annual cost for this service at $21,750. House Bill 60 is effective January 1, 1991.

Difference From Executive: The legislative adjustments to the executive budget request include: 1) an annual $77,280 increase for providing health insurance benefits for county assessors; 2) a $63,999 increase in fiscal 1990 and a $134,192 increase in fiscal 1991 for the pay plan; 3) an approximate $21,900 increase due to the elimination of vacancy savings; and 4) although the county technically writes the paycheck for several county assessors and deputy assessors through a special arrangement with the Department of Revenue and funded 70 percent with state funds, the legislature accounted for the positions as if the state wrote a state warrant for the positions. This added 16.10 FTE annually to the executive recommendation.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE

PROGRAM: PROP. ASSESSMENT DIV. - APPRAISERS & ASSESSOR STAFF

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	307.15	294.75	301.56	6.81	251.45	301.56	50.11	(5.59)
Personal Services	$5,916,831	$6,065,926	$6,626,649	$560,723	$5,226,224	$6,908,849	$1,682,625	12.00
Operating Expenses	1,116,851	1,254,349	1,167,420	(86,929)	1,013,993	1,156,572	142,579	4.53
Equipment	355,938	73,424	85,856	12,432	77,096	85,856	8,760	(75.88)
TOTAL EXPENSES	$7,389,620	$7,393,699	$7,879,925	$486,226	$6,317,313	$8,151,277	$1,833,964	6.64
FUNDING								
General Fund	$7,211,872	$7,393,699	$7,879,925	$486,226	$6,317,313	$8,151,277	$1,833,964	9.26
Other Revenue	177,748	0	0	0	0	0	0	(100.00)
TOTAL FUNDING	$7,389,620	$7,393,699	$7,879,925	$486,226	$6,317,313	$8,151,277	$1,833,964	6.64

Program Description: The Appraisers and Other Assessor Staff Program contains the funding necessary to operate the county appraisal offices, to fund the assessment staff, and to fund five area manager offices.

Legislative Intent:

The Department of Revenue shall provide its proposed reappraisal plan for the fourth reappraisal cycle (Scheduled to commence January 1, 1993) to the 52nd Legislature. In addition to the content requirements listed in Section 15-7-111, MCA, the proposed plan will, at a minimum, include:

1) Any changes proposed by the department to the property revaluation process described in Title 15, Chapter 7 of Montana Codes Annotated;

2) A list of all tasks necessary to accomplish reappraisal;

3) The estimated time necessary for each task;

4) The estimated resources necessary for each year of the reappraisal cycle to complete reappraisal on a timely basis and all supporting assumptions and documentation used to develop the cost estimate.

The 1993 biennium budget request submitted by the Department of Revenue Property Assessment Division shall clearly identify, by year, the costs necessary to complete the third reappraisal cycle and the costs necessary to implement the fourth reappraisal cycle.

Budget: The fiscal 1990 budget increases 6.6 percent from fiscal 1988 to fiscal 1990. Personal services increase 12.0 percent due to not applying vacancy savings in the 1991 biennium and adding authorized pay increases. These increases are offset by deleting 5.59 FTE from the fiscal 1988 level to fiscal 1990. The FTE deletions result from: 1) a 0.50 FTE being transferred to the Helena program; 2) 3.00 FTE being deleted by the agency (2.00 FTE were related to Senate Bill 200 from the 1987 legislature and were slated for removal in fiscal 1989; the other 1.00 FTE deletion was removed by the agency); 3) 2.09 FTE were removed due to extended vacancies; and 4) 1.00 FTE was deleted as it was supported from a one-time funding source but was added back in the budget modification funded from general fund.

Operating expenses increase 4.5 percent from fiscal 1988 to fiscal 1990. The legislature budgeted county computer support payments at $80,000 annually, or the level appropriated for fiscal 1989 by the 1987 legislature. In fiscal 1988, the agency expended $145,000 for this purpose, or $15,000 more than appropriated. This action reduced operating expenses $65,000 from fiscal 1988 to fiscal 1990. This reduction is offset $93,000 for increased operating expenses due to changes in the annual sales assessment ratio study contained in House Bill 703 and approximately $18,500 by increased operating expenses for map reproduction and gasoline usage.

The equipment budget includes $85,856 annually for communications equipment in two county offices, office equipment to house the new computer equipment in the county offices, and six vehicle replacements per year.

Program Expansion:

1. Annual Sales Assessment Ratio Studies - The legislature approved the addition of 1.00 FTE and operating expenses totalling $186,356 in fiscal 1990 and $186,376 in fiscal 1991, for annual sales assessment ratio studies required by House Bill 436 passed by the 1987 legislature. This function was supported with the Education Trust Fund in fiscal 1988.

Funding: The Property Assessment Division Appraisers and Other Assessor Staff Program is funded from the general fund. The other revenue in fiscal 1988 is Education Trust Fund revenue which was appropriated for the House Bill 436 study. This revenue is not continued into the 1991 biennium.

Other Legislation:

House Bill 53 authorizes a two-year extension to the current reappraisal cycle. The cycle is now scheduled to end December 31, 1992. The department is also required by House Bill 53 to report its progress and status of the reappraisal cycle to each meeting of the Revenue Oversight Committee.

House Bill 703 changes the annual sales assessment ratio study procedures by revising the number of residential sales areas from 13 to a maximum of 100 and commercial areas to 20, as long as the area contains a statistically valid sample of sales and the area is economically, demographically, and geographically similar. Another change in House Bill 703 provides an exception to I-105, the property tax initiative passed by Montana voters in 1986, by authorizing increases in the assessment level resulting from sales assessment ratio studies as well as assessment decreases.

Difference From Executive: The legislative appropriation exceeds the executive budget recommendation for several reasons. Increases to the executive budget include: 1) 8.90 FTE and $171,484 in fiscal 1990 and 52.20 FTE and $1,195,594 in fiscal 1991 because two budget modifications which would have reduced current level expenditures were denied by the legislature; 2) $124,612 in fiscal 1990 and $127,810 in fiscal 1991 due to the elimination of vacancy savings; 3) an annual $93,000 increase due to funding House Bill 703; 4) $251,798 in fiscal 1990 and $522,646 in fiscal 1991 for the pay plan; 5) $20,000 in fiscal 1990 only for computer software changes to county computers; and 6) $12,432 in fiscal 1990 and $8,760 in fiscal 1991 for increased equipment funding.

These budget increases were partially offset by legislative reductions to the executive request, including: 1) 2.09 FTE and an approximate annual $42,300 reduction due to eliminating vacant positions; 2) an annual $65,000 adjustment due to reducing county computer support to the fiscal 1989 appropriated level of $80,000; 3) $66,304 of computer processing fees in fiscal 1990 due to implementing a new computer system; and 4) $11,200 annually for reduced mapping and microfilming costs allowed.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE

PROGRAM: PROP. ASSESSMENT DIV. - ADMINISTRATION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	10.50	10.50	10.00	(0.50)	10.50	10.00	(0.50)	(0.50)
Personal Services	$335,570	$342,007	$346,729	$ 4,722	$342,579	$358,615	$16,036	3.33
Operating Expenses	211,416	199,322	190,910	(8,412)	198,875	190,490	(8,385)	(9.70)
Equipment	(3,162)	0	3,800	3,800	0	3,800	3,800	(220.18)
TOTAL EXPENSES	$543,824	$541,329	$541,439	$ 110	$541,454	$552,905	$11,451	(0.44)
FUNDING								
General Fund	$543,824	$541,329	$541,439	$ 110	$541,454	$552,905	$11,451	(0.44)

Program Description: The Administration Program contains the funding for the division administrator, the audit, management services, and appraisal/assessment bureau chiefs, and other administrative support staff.

Budget: Funding for the Administration Program decreases 0.4 percent from fiscal 1988 to fiscal 1990. Full-time equivalent positions are reduced 0.50 FTE due to extended vacancy of the deleted position. Personal services increase in spite of the FTE reduction because of authorized pay increases and because the actual vacancy savings rate in fiscal 1988 was 8.7 percent while no vacancy savings is applied in the 1991 biennium. Operating costs decrease 9.7 percent due primarily to the elimination of a computer consulting contract from the expenditure base. In fiscal 1988, the division expended $28,650 for expert advice when evaluating its computer needs. This expense is not continued into the 1991 biennium.

Equipment expenditures in fiscal 1988 reflect an accounting coding error. For the 1991 biennium, $3,800 is included each year to provide funds for software upgrades for the administration and Helena program personnel.

Funding: The Property Assessment Division Administration Program is funded from the general fund.

Difference From Executive: The legislative appropriation exceeds the executive budget recommendation because reductions for a vacant position and one-time consulting costs, totaling approximately $21,300 annually, are offset by increases allowed for eliminating vacancy savings (approximately $7,000 annually), upgrading software ($3,800 annually), and the pay plan ($10,396 in 1990 and $21,708 in 1991).

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE

PROGRAM: PROP. ASSESSMENT DIV. - HELENA

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	20.90	21.40	21.40	0.00	21.40	21.40	0.00	0.50
Personal Services	$545,464	$ 565,129	$ 595,280	$ 30,151	$ 566,070	$ 616,367	$ 50,297	9.13
Operating Expenses	313,219	482,583	367,643	(114,940)	388,941	278,559	(110,382)	17.38
Equipment	25,262	0	20,000	20,000	0	20,000	20,000	(20.83)
Non-Operating	0	170,497	155,884	(14,613)	170,497	155,884	(14,613)	0.00
TOTAL EXPENSES	$883,945	$1,218,209	$1,138,807	$ (79,402)	$1,125,508	$1,070,810	$ (54,698)	28.83
FUNDING								
General Fund	$883,945	$1,218,209	$1,138,807	$ (79,402)	$1,125,508	$1,070,810	$ (54,698)	28.83

Program Description: The Helena Appraisal Program is responsible for regularly auditing county offices; supporting the county staff, particularly with the computer systems; and centrally assessing all intercounty and industrial property.

Budget: The budget increases 28.8 percent from fiscal 1988 to fiscal 1990 due to increased personal services and operating expenses. Personal services increase 9.1 percent due to the 0.50 FTE transfer into this program from the Appraisers Program, vacancy savings not being applied in the 1991 biennium, and authorized pay increases.

Operating costs increase 17.4 percent due to several adjustments: 1) $92,789 in fiscal 1990 and $23,634 in fiscal 1991 for increased printing needs (system manuals, manual updates, and new data collection forms); 2) $3,000 in fiscal 1990 and $3,500 in fiscal 1991 for computer paper for the county offices; 3) $22,500 in fiscal 1990 and $3,200 in fiscal 1991 for increased in-state meals and lodging for training on the new computer and for routine maintenance on computers in the field; and 4) $24,000 annually for computer maintenance costs. Base decreases offsetting increases include: 1) $20,692 annually for removing railroad supplemental expenditures and; 2) $64,408 annually for computer-related operating expenses no longer needed due to implementing the new system.

Equipment budgeted for the 1991 biennium includes $20,000 annually for the division to purchase computers and related office equipment for use by the Helena-based staff.

Non-operating costs include debt service payments for the division's new computer system. The system will be paid for at the end of fiscal 1994.

Funding: The Property Assessment Division Helena Program is funded from general fund.

Difference From Executive: The legislative appropriation is less than the executive budget due primarily to an annual $117,000 reduction in the executive recommendation for computer operating costs, printing, travel, and other miscellaneous operating costs. Debt service costs were reduced $14,613 annually from the executive recommendation as more current information was available. Operating decreases were partially offset as increases were allowed for eliminating vacancy savings (approximately $11,500 annually), equipment purchases ($20,000 annually), inflation ($3,772 in 1990 and $7,938 in 1991), and pay plan ($18,618 in 1990 and $38,745 in 1991).

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE

PROGRAM: MOTOR FUELS TAX DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	25.00	22.00	24.00	2.00	22.00	24.00	2.00	(1.00)
Personal Services	$473,472	$444,363	$520,114	$75,751	$445,499	$543,434	$ 97,935	9.85
Operating Expenses	160,896	137,441	150,015	12,574	133,080	145,645	12,565	(6.76)
Equipment	67,108	3,375	9,000	5,625	1,000	0	(1,000)	(86.59)
TOTAL EXPENSES	$701,476	$585,179	$679,129	$93,950	$579,579	$689,079	$109,500	(3.19)
FUNDING								
State Special Rev	$701,476	$585,179	$679,129	$93,950	$579,579	$689,079	$109,500	(3.19)

Program Description: The Motor Fuels Tax Division administers and enforces the motor fuel tax law including the issuance of licenses and permits, collection of taxes, enforcement of the bonding requirements, and payment of refunds.

Budget: The division's operating budget decreases 3.2 percent due to deleting a vacant position (1.00 FTE) and reduced computer charges. Personal services increase because of the authorized pay increase and because the division experienced a 12 percent vacancy savings rate in fiscal 1988 while no vacancy savings is budgeted in the 1991 biennium. The operating expense decrease is attributable to reduced computer processing rates anticipated in the 1991 biennium. The amounts budgeted for this purpose decrease $10,800 in fiscal 1990 from fiscal 1988 and decrease an additional $4,200 from fiscal 1990 to fiscal 1991. Equipment expenditures include $9,000 in fiscal 1990 for vehicle replacement.

Funding: The Motor Fuels Tax Division is funded from the highway special revenue account.

Difference From Executive: Legislative adjustments to the executive budget include: 1) 3.00 FTE are added each year and $84,274 in fiscal 1990 and $75,324 in fiscal 1991 is added as motor fuel auditors are transferred back into this program; 2) approximately $9,100 annually is added due to the elimination of vacancy savings; 3) $20,547 in 1990 and $42,672 in 1991 is added for the pay plan; and 4) 1.00 FTE and approximately $17,000 is deleted annually for a vacant position.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION — PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	387.61	392.59	392.09	(0.50)	397.59	394.09	(3.50)	4.48
Personal Services	$10,069,280	$10,342,032	$10,949,412	$ 607,380	$10,461,629	$11,335,449	$ 873,820	8.74
Operating Expenses	18,810,073	21,473,898	22,270,560	796,662	21,939,249	22,237,643	298,394	18.40
Equipment	1,454,053	1,658,270	917,328	(740,942)	1,144,329	844,765	(299,564)	(36.91)
Non-Operating	6,403,690	6,195,012	6,845,021	650,009	6,348,676	6,337,413	(11,263)	6.89
TOTAL EXPENSES	$36,737,096	$39,669,212	$40,982,321	$1,313,109	$39,893,883	$40,755,270	$ 861,387	11.56
FUNDING								
General Fund	$ 3,563,933	$ 3,457,782	$ 4,275,732	$ 817,950	$ 3,443,810	$ 3,593,613	$ 149,803	19.97
State Special Rev	826,965	860,415	895,009	34,594	861,723	919,631	57,908	8.23
Other Revenue	32,346,198	35,351,015	35,811,580	460,565	35,588,350	36,242,026	653,676	10.71
TOTAL FUNDING	$36,737,096	$39,669,212	$40,982,321	$1,313,109	$39,893,883	$40,755,270	$ 861,387	11.56

Agency Description: The primary goal of the Department of Administration is to provide services to state agencies in the areas of accounting, financial reporting, insurance, communications, data processing, personnel management and labor relations, purchasing, printing, mail and messenger, and records management. The department also administers the Long-Range Building Program, State Employee Group Benefits Program, and various state retirement programs. Functions attached to the department for administrative purposes include the Board of Examiners, State Tax Appeals Board, Workers' Compensation Court, Public Employees' Retirement Division, and Teachers' Retirement System.

Legislative Intent: The legislature included boilerplate language requiring the department to prepare cost recovery plans for four proprietary-funded operations. The language follows:

> The Department of Administration shall develop a cost recovery plan for proprietary operations. It is the intent of the legislature that the cost of each service provided is fully recovered through the rate charged for each service. Such plans shall be submitted with the department's 1993 biennium budget request and shall, at a minimum, include the following information:

1) Identification of the goods and/or services that are provided by the program, how the service level is measured, and the anticipated service level for the 1993 biennium;

2) The proposed rates by service for each year of the 1993 biennium;

3) A description and explanation of how rates are established, including identification of all relevant costs, service levels, personnel efficiency ratios, and all other assumptions used in rate development.

The following operations shall develop a cost recovery plan as described above:

1) Publications and Graphics
2) Property and Supply
3) Information Services Division
4) Central Mail

Budget: The budget provides an 11.6 percent increase for the Department of Administration from fiscal 1988 to fiscal 1990. FTE increase 4.48 due to the net effect of the following changes: 1) 7.52 FTE were deleted due to workload decreases (Accounting and Information Services Division), extended vacancies (General Services Division), or temporary positions (Personnel Division and the State Tax Appeals Board); 2) 1.50 FTE security staff were transferred to the Governor's Office budget; 3) 5.50 FTE were added to the State Tax Appeals Board budget to reflect an administrative change in classifying its personnel; 4) 5.50 FTE were added to several divisions as detailed in the program expansion section of this narrative; and 5) 2.50 FTE were added due to legislation which increased workload (2.00 FTE in the Information Services Division and 0.50 FTE in Teachers' Retirement Division).

Personal services increase 8.7 percent because no vacancy savings was applied in the 1991 biennium. The agency actually experienced an overall 5.2 percent vacancy savings rate. Another factor contributing to the increase is the program expansions and new legislation added approximately $185,000 annually to personal services. Finally, the pay plan adds $356,820 in fiscal 1990 and $741,739 in fiscal 1991.

Operating expenses rise 18.4 percent from fiscal 1988 to fiscal 1990 due to several factors. Growth in agency services, approximately $1,765,800 in fiscal 1990 and $2,432,800 in fiscal 1991, was added in the Procurement and Printing Division, Information Services Division, and Central Mail Bureau. The majority of the growth is expected to come in the Procurement and Printing Division where increased private vendor printing, photocopy pool services, and central stores' merchandise were budgeted for large increases to respond to user agency demand. Inflation for specialized expenditures, such as utilities, postage, and paper, adds approximately $555,000 in fiscal 1990 and $854,000 in fiscal 1991. Total legislative audit expenditures in fiscal 1990 are budgeted at $196,053. The agency actually expended $88,945 in fiscal 1988.

Approved program expansions add $426,504 of operating expenses in fiscal 1990 and $318,049 in fiscal 1991. Rent costs increased approximately $28,000 in fiscal 1990 and $29,928 in fiscal 1991. The general fund used to support a portion of the General Services Division budget for "common space" is recorded as rent expense. This increases from $215,259 spent in fiscal 1988 (or approximately 60 percent of its 1988 appropriation) to $379,244 in fiscal 1990 and $381,567 in fiscal 1991.

Other significant increases include a $165,568 increase from fiscal 1988 to fiscal 1990 only for a biennial appropriation for contract computer programming in the Information Services Division. This establishes a biennial $200,000 appropriation. A $625,000 biennial appropriation was also authorized for the Information Services Division to design and develop a payroll/personnel/position system for the universities. The legislature also authorized a $66,705 increase in the General Services Division's fiscal 1990 budget to allow for two large maintenance projects which would not be covered by its normal operating budget.

The operating expenses increases were offset by approximately $350,000 in fiscal 1990 and $375,000 in fiscal 1991 for operating expense base reductions (i.e., one-time costs and cost efficiencies achieved by changing service deliveries) and reduced computer processing fees assessed by the Information Services Division to other department divisions (Accounting Division, Teachers' Retirement, Public Employees Retirement, and Telecommunications, and others).

Outright equipment expenditures are budgeted to decrease 36.9 percent from fiscal 1988 to fiscal 1990. Approximately 88 percent of the authorized equipment purchases are in the Information Services Division.

Non-operating expenditures include lease purchase payments in the Publications and Graphics Division and Information Services Division. Lease purchase payments total $4,423,726 in fiscal 1990 and $4,555,493 in fiscal 1991. Transfers from non-proprietary funds to proprietary funds as required by generally accepted accounting principles also constitute a portion of non-operating costs each year. This type of transfer occurs in the Information Services Division, the Tort Claims Division and the General Services Division. Fund transfers of this type total $1,854,369 in fiscal 1990 and $1,210,796 in fiscal 1991. The Architecture and Engineering Division also transfers funds from the long-range building capital projects fund into a state special revenue fund to operate the division. This transfer is $566,926 in fiscal 1990 and $571,124 in fiscal 1991.

Program Expansions: The legislature authorized 11 program expansions for the 1991 biennium which added 5.50 FTE and $19,000 general fund and $1,693,083 other funds. These expansions are summarized by program and fund type in Table 1 below.

Table 1
Department of Administration
1991 Biennium Program Expansions

#	Program	Expansion Name	Fiscal 1990 FTE	Fiscal 1990 General Fund	Fiscal 1990 Other Funds	Fiscal 1990 Total Funds	Fiscal 1991 FTE	Fiscal 1991 General Fund	Fiscal 1991 Other Funds	Fiscal 1991 Total Funds
1	Property & Supply	Warehouse Worker	1.00	$ -0-	$ 18,106	$ 18,106	1.00	$ -0-	$ 18,107	$ 18,107
2	Purchasing	Enhance Procurement System	0.00	17,000	-0-	17,000	0.00	2,000	-0-	2,000
3	Mail Bureau	Additional FTE-Workload	0.50	-0-	8,189	8,189	0.50	-0-	8,190	8,190
4	Personnel	COBRA Workload	1.00	-0-	18,106	18,106	1.00	-0-	18,107	18,107
5	Tort Claims	Additional Staff	2.00	-0-	733,844	733,844	2.00	-0-	733,808	733,808
6	Teachers' Retirement	Actuarial Experience	0.00	-0-	2,950	2,950	0.00	-0-	-0-	-0-
7	Teachers' Retirement	Electronic Deposit	0.00	-0-	7,500	7,500	0.00	-0-	-0-	-0-
8	Teachers' Retirement	Additional FTE	0.60	-0-	11,593	11,593	0.60	-0-	11,601	11,601
9	Public Empl. Retirement	Computer Enhancements	0.00	-0-	83,052	83,052	0.00	-0-	-0-	-0-
10	Public Empl. Retirement	Buy Back FTE	0.40	-0-	6,374	6,374	0.40	-0-	6,425	6,425
11	Public Empl. Retirement	Pre-Retirement Seminars	0.00	-0-	3,542	3,542	0.00	-0-	3,589	3,589
	Total Expansions		5.50	$17,000	$893,256	$910,256	5.50	$2,000	$799,827	$801,827

Funding: The department is funded from general fund, state special revenue, and other revenue which consists primarily of proprietary funds. General fund supports all or a portion of several divisions, including the: Director's Office, General Services Division, Centralized Services Division, Accounting Division, Personnel Division, and the State Tax Appeal Board. General fund contributes 9.6 percent of the department's total budget in the 1991 biennium compared to 9.7 percent expended in fiscal 1988.

State special revenue includes the transfer of long-range building funds to the Architecture and Engineering Division and an allocation of the Workers' Compensation state special revenue account for the Workers' Compensation Court. State special revenue contributes approximately 2.2 percent of the total funding for the department.

Other revenue includes pension trust funds, $1,418,029 in fiscal 1990 and $1,238,501 in fiscal 1991; capital project funds, $625,727 in fiscal 1990 and $629,926 in fiscal 1991; and proprietary funds, $33,767,824 in fiscal 1990 and $34,373,599 in fiscal 1991. The pension trust funds are used for the two retirement systems. The capital project funds are used to fund the operating costs for the Architecture and Engineering Division and a portion of the costs in the General Services Division. Proprietary funds are used to support several divisions, including the: Procurement and Printing Division, Information Services Division, General Services Division, Central Mail Bureau, Centralized Services Division, Personnel Division, and the Tort Claims Division.

Other Legislation: House Bill 691 amends the section of statute which designates the Department of Administration as the state agency responsible for administering the federal surplus property program by authorizing the Governor to designate the state agency responsible for administering the program. House Bill 772 appropriates $250,000 of proprietary fund authority annually to the department designated by the Governor to administer the federal surplus property program. At the time this report was compiled, the administration had not revealed where this program would be placed. The appropriation does not appear in the Department of Administration's budget summary, but is mentioned here to inform the legislature of legislation which has a fiscal impact upon state operations.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION — PROGRAM: DIRECTOR'S OFFICE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	8.00	8.00	8.00	0.00	8.00	8.00	0.00	0.00
Personal Services	$276,691	$283,840	$298,298	$14,458	$284,444	$308,206	$23,762	7.81
Operating Expenses	29,362	31,656	29,722	(1,934)	32,408	31,236	(1,172)	1.23
Equipment	582	600	600	0	0	0	0	3.09
TOTAL EXPENSES	$306,635	$316,096	$328,620	$12,524	$316,852	$339,442	$22,590	7.17
FUNDING								
General Fund	$255,661	$255,348	$266,995	$11,647	$255,904	$276,234	$20,330	4.43
Proprietary Fund	50,974	60,748	61,625	877	60,948	63,208	2,260	20.89
TOTAL FUNDING	$306,635	$316,096	$328,620	$12,524	$316,852	$339,442	$22,590	7.17

Program Description: The Director's Office is responsible for the overall supervision and coordination of the department's eight divisions and the four administratively attached boards and agencies. In addition, the office provides legal services, internal management reviews, and assistance in special projects to the divisions and bonding expertise for the Board of Examiners.

Budget: Fiscal 1990 expenditures are budgeted to increase 7.2 percent from fiscal 1988 due to no vacancy savings being applied in the 1991 biennium, a position upgrade which added approximately $3,200 annually to personal services and authorized pay increases. The upgraded position is funded from fees assessed other department programs for legal services performed on behalf of the other programs. The actual fiscal 1988 vacancy savings rate was 4.1 percent.

Funding: The Director's Office is funded from the general fund and from fees assessed other department divisions for legal services provided by the legal staff. The proprietary fund shows a 20.9 percent increase due to an increase in the amount of time being allocated to non-general fund divisions (from 1.375 FTE in fiscal 1988 to 1.50 FTE proposed for the 1991 biennium) and the increased cost of personnel as noted in the budget section of this narrative.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an approximate $5,800 increase due to the elimination of vacancy savings; 2) a $8,667 increase in fiscal 1990 and a $17,959 increase in fiscal 1991 for the pay plan; and 3) a $1,956 decrease in fiscal 1990 and a $1,594 decrease in fiscal 1991 for cost expansions in supplies, communications, and other expenses denied by the legislature.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION — PROGRAM: ACCOUNTING PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	12.50	11.00	11.00	0.00	11.00	11.00	0.00	(1.50)
Personal Services	$314,235	$317,990	$334,599	$ 16,609	$318,298	$345,903	$ 27,605	6.48
Operating Expenses	486,803	351,811	353,501	1,690	318,476	320,211	1,735	(27.38)
Equipment	7,159	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$808,197	$669,801	$688,100	$ 18,299	$636,774	$666,114	$ 29,340	(14.86)
FUNDING								
General Fund	$808,197	$656,014	$688,100	$ 32,086	$622,992	$666,114	$ 43,122	(14.86)
Proprietary Fund	0	13,787	0	(13,787)	13,782	0	(13,782)	0.00
TOTAL FUNDING	$808,197	$669,801	$688,100	$ 18,299	$636,774	$666,114	$ 29,340	(14.86)

Program Description: The Accounting Division operates and maintains the Statewide Budgeting and Accounting System (SBAS) and the Property Accountability Management System (PAMS). The division processes all accounting transactions and distributes daily, monthly, and year-end reports that summarize agencies' accounting transactions. Starting approximately February 1, 1989, the division will implement a SBAS on-line entry and edit system which will allow agencies to electronically input SBAS transactions on the most commonly used accounting forms. The use of this system by state agencies is mandatory. The division is also responsible for establishing state accounting policies in accordance with generally accepted accounting principles and for issuing the state's annual financial report and statewide cost allocation plan.

Budget: The budget provides a 14.9 percent decrease in fiscal 1990 from fiscal 1988 due to reduced computer processing fees resulting from implementing an on-line SBAS function. Full-time equivalent positions are reduced 1.5 which reflects the agency's request. These savings are possible due to on-line SBAS and due to legislation (SB110) which eliminates the requirement to send duplicate claims documentation to the Accounting Division.

Funding: The Accounting Division is funded from general fund.

Difference From Executive: The legislative appropriation exceeds the executive budget recommendation due to eliminating vacancy savings (an approximate $6,500 annual increase), authorizing higher communications and software costs than

included in the executive budget ($1,700 annually) and adding a pay plan (a $10,119 increase in fiscal 1990 and a $21,109 increase in fiscal 1991).

General fund exceeds the executive recommendation by $32,086 in fiscal 1990 and $43,122 in fiscal 1991 which is caused by higher overall expenditures and a funding switch proposed in the original executive budget but not adopted by the 1989 legislature.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: ARCHITECTURE & ENGINEERING

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	15.25	15.25	15.25	0.00	15.25	15.25	0.00	0.00
Personal Services	$ 419,107	$ 453,458	$ 477,087	$23,629	$ 454,181	$ 493,256	$39,075	13.83
Operating Expenses	100,062	105,405	101,714	(3,691)	109,197	105,175	(4,022)	1.65
Equipment	11,939	0	2,500	2,500	0	2,500	2,500	(79.06)
Non-Operating	550,000	558,863	566,926	8,063	563,378	571,124	7,746	3.08
TOTAL EXPENSES	$1,081,108	$1,117,726	$1,148,227	$30,501	$1,126,756	$1,172,055	$45,299	6.21
FUNDING								
State Special Rev	$ 531,108	$ 558,863	$ 581,301	$22,438	$ 563,378	$ 600,930	$37,552	9.45
Capital Projects Fund	550,000	558,863	566,926	8,063	563,378	571,125	7,747	3.08
TOTAL FUNDING	$1,081,108	$1,117,726	$1,148,227	$30,501	$1,126,756	$1,172,055	$45,299	6.21

Program Description: The Architecture and Engineering Division oversees construction, renovations, and repair of state-owned buildings. The division also formulates a long-range building plan for legislative consideration each session.

Budget: Total operating costs are projected to increase 6.2 percent from fiscal 1988 to fiscal 1990 due to increased personal services. Personal services are budgeted to increase 13.8 percent with no FTE changes because of authorized pay increases and the agency experienced an actual 12.5 percent vacancy savings rate in fiscal 1988 while no vacancy savings is applied in the 1991 biennium.

Non-operating costs are the transfer of operating funds from the long-range building cash account to a state special revenue account.

Funding: The Architecture and Engineering Division is funded from the long-range building cash account of the capital projects fund. This account receives 20.25 percent of the cigarette tax, interest on bond proceeds, and supervisory fees which the division collects for assisting with non-long-range building cash projects. The amount needed to operate the Architecture and Engineering Division is transferred from the long-range building cash account to a separate account in the state special revenue fund.

Difference From Executive: The legislative appropriation exceeds the executive recommendation due to the following factors: 1) not applying vacancy savings adds $9,254 in fiscal 1990 and $9,269 in fiscal 1991; 2) the pay plan adds $14,375 in fiscal 1990 and $29,806 in fiscal 1991; 3) the executive had requested higher miscellaneous operating expenses which were denied by the legislature; 4) the legislature authorized $2,500 annually for office equipment purchases which were not included in the executive recommendation; and 5) the overall higher expenditures (before pay plan) increases the transfer from the long-range building cash account to the division's operating account by $8,063 in fiscal 1990 and $7,746 in fiscal 1991.

The executive did not increase the allocation from the long-range building cash account for the pay plan. Rather, only the operating account was increased. As a result, the division will be required to fund the pay plan from excess cash reserves in its operating account or seek a budget amendment for the authority to transfer funds from the long-range building cash account to the operating account.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: PROCUREMENT & PRINTING DIV.
PURCHASING & PRINT COORD.

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	2.50	2.50	2.50	0.00	2.50	2.50	0.00	0.00
Personal Services	$ 46,947	$ 50,355	$ 53,531	$ 3,176	$ 50,522	$ 56,032	$ 5,510	14.02
Operating Expenses	2,538,514	2,637,486	3,307,972	670,486	2,837,885	3,778,857	940,972	30.31
Equipment	0	396	396	0	352	352	0	0.00
TOTAL EXPENSES	$2,585,461	$2,688,237	$3,361,899	$673,662	$2,888,759	$3,835,241	$946,482	30.03
FUNDING								
Proprietary Fund	$2,585,461	$2,688,237	$3,361,899	$673,662	$2,888,759	$3,835,241	$946,482	30.03

Program Description: The purchasing and print coordination function of the Publications and Graphics Bureau was authorized by the 1985 legislature as the central agency to procure private printing contracts on behalf of other state agencies. This program also monitors the awarded contracts, performs a compliance inspection upon delivery of the product, and audits all claims prior to payment.

Legislative Intent: The legislature line-itemed appropriation authority for private vendor printing costs which are passed through to user agencies. It is the intent of the legislature that the line-itemed appropriation be used only for this purpose and not for operational costs of the bureau or division.

Budget: The legislature authorized a 30 percent increase in this program's budget due to anticipated volume and price increases for the print jobs that are sent to the private vendors both in and out of Montana. The budget includes line-itemed appropriations of $3,284,376 in fiscal 1990 and $3,754,862 in fiscal 1991 for private vendor jobs.

Personal services also show a significant increase because of authorized pay increases and the program experienced an actual 14.8 percent vacancy savings rate in fiscal 1988 while no vacancy savings is applied in the 1991 biennium.

Funding: The purchasing and print coordination function is funded from the proprietary fund account of the Publications and Graphics Bureau. The fee charged for bid letting, purchase order issuance, print coordination, claims audit, and invoice payment is based on the dollar value of the approved invoice. The maximum fee per job is $500 plus the cost of the printing job. In fiscal 1988, the total revenue for this program was $2,587,749.

Difference From Executive: The 1991 biennium budget exceeds the executive recommendation due to the following factors: 1) not applying vacancy savings adds $1,025 in fiscal 1990 and $1,029 in fiscal 1991; 2) the pay plan adds $2,151 in fiscal 1990 and $4,481 in fiscal 1991; 3) increasing expenditure authority for pass-through private vendor printing to meet the anticipated demand adds $600,000 in fiscal 1990 and $800,000 in fiscal 1991 more than the amount included in the executive; and 4) the legislature includes $70,486 in fiscal 1990 and $140,972 in fiscal 1991 for anticipated inflation costs which were not included in the executive recommendation.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: PROCUREMENT & PRINTING DIV.
PUBLICATION & GRAPHICS OPERATIONS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	18.50	19.00	19.00	0.00	23.00	23.00	0.00	0.50
Personal Services	$ 430,804	$ 433,020	$ 458,119	$25,099	$ 507,301	$ 556,295	$48,994	6.34
Operating Expenses	544,127	517,337	517,391	54	587,363	603,124	15,761	(4.91)
Equipment	0	60,847	60,847	0	70,924	70,924	0	0.00
Non-Operating	118,301	53,807	53,807	0	53,807	53,807	0	(54.52)
TOTAL EXPENSES	$1,093,232	$1,065,011	$1,090,164	$25,153	$1,219,395	$1,284,150	$64,755	(0.28)
FUNDING								
Proprietary Fund	$1,093,232	$1,065,011	$1,090,164	$25,153	$1,219,395	$1,284,150	$64,755	(0.28)

Program Description: The operations program of the Publications and Graphics Bureau includes the pre-press and printing functions, such as publication design and illustrative art, typography, reprographics, and duplicating and binding.

Budget: Total expenditures decrease 0.3 percent from fiscal 1988 to fiscal 1990 due to a $40,088 reduction in operating expenses caused by an accounting error in fiscal 1988. This decrease is partially offset by increases allowed for paper inflation.

FTE increase from fiscal 1988 to fiscal 1990 as a result of transferring a 0.50 FTE from the publications and graphics administration program. Four FTE are added in fiscal 1991 to meet anticipated legislative workload requirements.

Equipment purchases in fiscal 1988 were made by lease purchase. In the 1991 biennium, the budget includes funding for purchasing some printing and duplicating equipment outright rather than on a lease purchase contract. The non-operating costs are estimated debt service payments on replacement equipment for the capitol and SRS quick copy centers.

Funding: The program is funded by the bureau's proprietary fund account. The fee charged for the program's services is based on the number of copies, amount of time spent on the specific job by the graphic artist or typesetter, and other more specialized rates. In fiscal 1988, the program generated $1,239,661 fee revenue from its services.

Difference From Executive: The legislative appropriation exceeds the executive budget in the 1991 biennium due to the net impact of the following reasons: 1) not applying vacancy savings adds $8,589 in fiscal 1990 and $9,799 in fiscal 1991; 2) the pay plan adds $16,510 in fiscal 1990 and $39,195 in fiscal 1991; 3) the legislature added $11,797 in fiscal 1990 and $27,592 in fiscal 1991 for paper inflation which was not included in the executive recommendation; and 4) the legislature denied other operating cost increases for contracted graphic artist services and printer maintenance costs, totaling $11,656 annually.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: PROCUREMENT & PRINTING DIV.
PUBLICATIONS & GRAPHICS ADMIN.

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	5.83	5.33	5.33	0.00	5.33	5.33	0.00	(0.50)
Personal Services	$137,566	$133,910	$141,458	$ 7,548	$133,994	$146,734	$12,740	2.83
Operating Expenses	362,735	508,244	546,012	37,768	526,805	564,573	37,768	50.53
Equipment	31,420	3,289	3,289	0	3,423	3,423	0	(89.53)
Non-Operating	142,043	105,133	105,133	0	92,567	92,567	0	(25.99)
TOTAL EXPENSES	$673,764	$750,576	$795,892	$45,316	$756,789	$807,297	$50,508	18.13
FUNDING								
Proprietary Fund	$673,764	$750,576	$795,892	$45,316	$756,789	$807,297	$50,508	18.13

Program Description: This program is responsible for the administration of the Publications and Graphics Bureau and operates the state's photocopier pool.

Legislative Intent: The legislature line-itemed $315,000 annually for purchasing photocopies under term contract. These costs are passed through to user agencies. It is the intent of the legislature that this appropriation be used only for this purpose and not for operational costs of the bureau or division.

Budget: FTE decrease 0.50 due to transferring the position to the publications and graphics operations program. Operating expenses increase significantly in fiscal 1990 due to a change in the bureau's method of acquiring photocopy pool goods and services. A 1987 legislative performance audit recommended that the bureau investigate the feasibility of obtaining photocopiers and/or photocopies on term contract rather than going out to bid quarterly, as was the practice at the time of the audit. The department proceeded with obtaining a term contract for the photocopy pool. The bureau, which has the responsibility of determining the best way to meet a user agency's photocopying needs, has the option of purchasing copies for a fixed rate per copy under the term contract or of purchasing a copier. The budget includes $315,000 authority for buying copies under term contract in each year of the 1991 biennium. This compares to $66,348 recorded in this program in fiscal 1988. As noted in the operations program, an additional $40,088 should have been recorded in this program in fiscal 1988, making the adjusted fiscal 1988 expenditure for buying copies $106,436. Photocopy machine maintenance decreases approximately $65,000 annually in the 1991 biennium due to implementing the photocopy pool term contract.

Non-operating costs include the principal and interest payments of leased photocopying equipment. These costs decrease as the bureau is purchasing copies under the term contract. The costs that are included in the 1991 biennium are for high volume copiers purchased under lease from the manufacturer.

Funding: The Administration Program is funded from the bureau's proprietary fund. The cost of the administrative function of the program is funded by an overhead allocation included in all rates charged user agencies for all services. The cost of the photocopying function of the program is recovered through fees assessed agencies based on the number of copies made. In fiscal 1988, the revenue received for photocopy services was $575,028.

Difference From Executive: The legislative appropriation exceeds the executive budget in the 1991 biennium due to the net impact of the following reasons: 1) not applying vacancy savings adds $2,708 in fiscal 1990 and $2,710 in fiscal 1991; 2) the pay plan totals $4,840 in fiscal 1990 and $10,030 in fiscal 1991; and 3) the legislature added $37,500 more each year for photocopy pool services than included in the executive recommendation.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: PROCUREMENT AND PRINTING
DIV.- PROPERTY AND SUPPLY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	15.34	16.34	16.34	0.00	16.34	16.34	0.00	1.00
Personal Services	$ 354,429	$ 364,752	$ 386,242	$ 21,490	$ 364,809	$ 401,330	$36,521	8.98
Operating Expenses	2,510,516	2,744,021	2,802,353	58,332	3,063,520	3,111,092	47,572	11.62
Equipment	0	48,600	9,000	(39,600)	0	0	0	0.00
TOTAL EXPENSES	$2,864,945	$3,157,373	$3,197,595	$ 40,222	$3,428,329	$3,512,422	$84,093	11.61
FUNDING								
Proprietary Fund	$2,864,945	$3,157,373	$3,197,595	$ 40,222	$3,428,329	$3,512,422	$84,093	11.61

Program Description: The Property and Supply Bureau provides centralized purchasing and distribution of office supplies, paper, janitorial supplies, and computer software for state agencies. The bureau is also responsible for the Surplus Property Program which disposes of property no longer needed by state agencies.

Budget: The total budget increase is 11.6 percent from fiscal 1988 to fiscal 1990 due to merchandise volume adjustments authorized and a 1.00 FTE authorized as a budget modification (see next section). Total goods for resale is $2,638,671 in fiscal 1990 and $2,952,697 in fiscal 1991.

The equipment budget includes $9,000 for software for the bureau's computer system to hook up to the state's mainframe and utilize the SBAS on-line edit and entry system and communications system.

Program Expansion:

1. Additional Warehouse Worker - The legislature authorized 1.00 FTE at a cost of $16,726 in fiscal 1990 and $16,727 in fiscal 1991 due to increased workload in the state surplus property program. This modified budget will be funded from the bureau's proprietary fund.

Funding: The Property and Supply Bureau is funded with revenue from the sale of merchandise and from fees assessed for the sale of surplus property. The commodities sold by central stores are sold to state agencies for the cost of the merchandise plus a "markup" percentage determined by the agency. The agency is proposing the average markup

percentage will be 27 percent in fiscal 1990 and 25 percent in fiscal 1991; this is down from the approximate 33 percent markup in fiscal 1988. In fiscal 1988, the bureau generated $2,948,740 from the central store operation and $270,649 from the surplus property program, or 12 percent more than the program cost. Twenty-six percent of the revenue generated by this program in fiscal 1988 came from the general fund.

Difference From Executive: The 1991 biennium budget exceeds the executive recommendation due to the following factors: 1) not applying vacancy savings adds $7,444 in fiscal 1990 and $7,445 in fiscal 1991; 2) the pay plan adds $14,046 in fiscal 1990 and $29,076 in fiscal 1991; 3) the legislature added $59,657 in fiscal 1990 and $151,341 in fiscal 1991 for resale merchandise inflation; 4) the legislature denied the executive request to add $102,910 in fiscal 1991 for legislative year expenses because past expenditures have not increased overall in the session year; and 5) the legislature denied the executive request for $39,600 to upgrade its computer equipment and for other equipment.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: PROCUREMENT AND PRINTING
DIV. - PURCHASING BUREAU

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	12.33	13.33	12.33	(1.00)	13.33	12.33	(1.00)	0.00
Personal Services	$309,254	$333,554	$325,041	$ (8,513)	$333,876	$336,900	$ 3,024	5.10
Operating Expenses	101,079	106,511	104,160	(2,351)	107,346	97,067	(10,279)	3.05
Equipment	28,915	17,000	17,000	0	2,000	2,000	0	(41.21)
TOTAL EXPENSES	$439,248	$457,065	$446,201	$(10,864)	$443,222	$435,967	$ (7,255)	1.58
FUNDING								
General Fund	$439,248	$457,065	$446,201	$(10,864)	$443,222	$435,967	$ (7,255)	1.58

Program Description: The Purchasing Bureau provides a centralized purchasing service for state agencies as required by statute. The bureau investigates possible sources for products, determines alternate product possibilities, prepares specifications, and enforces the terms and conditions outlined in purchase orders issued. The bureau ensures compliance with purchasing law and rule for agencies with delegated purchasing authority and provides technical assistance on agency purchases.

Budget: The budget increases 1.6 percent from fiscal 1988 to fiscal 1990 primarily due to the authorized pay increase. Equipment funds are provided to enhance the bureau's computerized procurement system (see program expansion section).

Program Expansion:

1. Computer Enhancement - The legislature authorized $12,000 in fiscal 1990 for hardware purchases and $5,000 in fiscal 1990 and $2,000 in fiscal 1991 for software to enhance the bureau's computerized procurement system. This budget modification is funded from the general fund.

Funding: The Purchasing Bureau is funded from general fund.

Difference From Executive: The legislative appropriation is less than the executive recommendation because the legislature denied a budget modification request for an additional 1.00 FTE to monitor contracted services expenditures in

state agencies. This budget modification totaled $25,455 in fiscal 1990 and $25,446 in fiscal 1991. Another factor contributing to the appropriation being less than the executive recommendation is the legislature provided printing costs for a vendor manual in 1990 only while the executive budget included funding in both years. The executive budget also requested a $2,565 annual increase due to workload increases; however, it was not able to provide sufficient justification for its request. These reductions to the executive request were offset $6,260 in fiscal 1990 and $6,267 in fiscal 1991 due to not applying vacancy savings in the 1991 biennium. In addition, the pay plan totals $10,682 in fiscal 1990 and $22,203 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: INFORMATION SERVICES DIV.
RESOURCE MANAGEMENT/ADMIN

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	7.00	7.00	9.00	2.00	7.00	9.00	2.00	2.00
Personal Services	$238,710	$240,378	$ 312,866	$ 72,488	$241,103	$264,862	$ 23,759	31.07
Operating Expenses	157,891	176,310	658,010	$481,700	141,651	56,913	(84,738)	316.75
Equipment	746	6,050	6,050	$0	6,050	6,050	0	710.99
Non-Operating	0	0	625,000	$625,000	0	0	0	0.00
TOTAL EXPENSES	$397,347	$422,738	$1,601,926	$1,179,188	$388,804	$327,825	$(60,979)	303.16
FUNDING								
General Fund	$ 0	$ 0	$ 625,000	$ 625,000	$ 0	$ 0	$ 0	0.00
Proprietary Fund	397,347	422,738	976,926	554,188	388,804	327,825	(60,979)	145.86
TOTAL FUNDING	$397,347	$422,738	$1,601,926	$1,179,188	$388,804	$327,825	$(60,979)	303.16

Program Description: The Resource Management/Administration Program administers the Information Services Division and controls, coordinates, and plans for statewide data processing and information services.

Budget: The budget provides a 303.2 percent increase from fiscal 1988 to fiscal 1990 due primarily to a $625,000 general fund biennial appropriation to study and implement a position/payroll/personnel system for the university units. To meet generally accepting accounting principles, this general fund appropriation must be transferred to the division's proprietary account and expended from the proprietary account. This is recorded as a non-operating expense.

The budget includes $6,050 each year of the biennium to replace six- to seven-year-old computer equipment.

Funding: The Resource Management/Administration Program is funded from the division's proprietary account and from general fund.

Difference From Executive: The legislative appropriation exceeds the executive recommendation for several reasons. Not applying vacancy savings adds $4,906 in fiscal 1990 and $4,920 in fiscal 1991. The pay plan adds $9,024 in fiscal 1990 and $18,839 in fiscal 1991. The legislature also added 2.00 FTE and $625,000 general fund (and $625,000 proprietary

fund appropriation authority to satisfy generally accepted accounting principles) as a biennial appropriation for study and implementation of a uniform payroll, personnel, and position control system for the Montana university system. These higher costs are offset $85,200 annually as the legislature denied the executive request for higher funding for disaster contingency plans.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: INFORMATION SERVICES DIV.
CENTRAL COMPUTER OPERATIONS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	73.95	69.95	69.95	0.00	69.95	67.95	(2.00)	(4.00)
Personal Services	$1,896,543	$1,873,602	$1,978,628	$ 105,026	$1,875,336	$2,011,715	$ 136,379	4.33
Operating Expenses	1,875,732	2,713,235	2,331,782	(381,453)	2,846,452	2,430,504	(415,948)	24.31
Equipment	881,673	993,610	500,000	(493,610)	707,498	500,000	(207,498)	(43.29)
Non-Operating	1,210,000	1,482,373	1,482,373	0	1,503,166	1,503,166	0	22.51
TOTAL EXPENSES	$5,863,948	$7,062,820	$6,292,783	$(770,037)	$6,932,452	$6,445,385	$(487,067)	7.31
FUNDING								
Proprietary Fund	$5,863,948	$7,062,820	$6,292,783	$(770,037)	$6,932,452	$6,445,385	$(487,067)	7.31

Program Description: The Central Computer Operations Program provides mainframe computer processing 24 hours a day, 7 days a week. Other services include data network control and management, data entry and word processing, problem resolution, technical support, and records management.

Legislative Intent: The legislature approved boilerplate language which prohibits the division from including 2.00 FTE data entry operators in its 1993 current level budget request. These 2.00 FTE were deleted in fiscal 1991 due to implementing P/P/P on-line.

Budget: The budget provides an overall 7.3 percent increase from fiscal 1988 to fiscal 1990 due to increased operating expenses and long-term equipment purchases.

Four FTE data entry operator positions are deleted from fiscal 1988 to fiscal 1990 and fiscal 1991 as these FTE are no longer needed. The SBAS on-line entry and edit system allows state agencies to enter information directly from their own computer terminals rather than sending data input forms to the Information Services Division for data entry. Two additional data entry operator positions are deleted in fiscal 1991 only due to the anticipated implementation of the P/P/P on-line system.

Operating expenses increase 24.3 percent, due primarily to expected cost and volume increases in software rental and increased maintenance costs.

The equipment budget includes $500,000 annually for major equipment purchases. Equipment is also purchased on installment contracts. In each year of the 1991 biennium, $206,489 is included for debt service payments on existing contracts. An additional $1,275,884 in fiscal 1990 and $1,296,677 in fiscal 1991 is included for new debt service.

Funding: The Central Computer Operations Program is funded from the fees charged state agencies for the services it provides. In fiscal 1988, $6,469,000 was collected from users, or 10 percent more than the cost of the program. This program generates additional revenue which provides a subsidy to other non-self sufficient programs in the Information Services Division.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an approximate annual $36,200 increase due to eliminating vacancy savings; 2) an increase of $68,541 in fiscal 1990 and $134,028 in fiscal 1991 for the pay plan and other higher personal services costs; 3) an increase of $214,011 in fiscal 1990 and $267,292 in fiscal 1991 for higher growth than anticipated by the executive; 4) an annual $11,701 increase for miscellaneous higher costs; 5) a decrease of 2.00 FTE and $33,910 in fiscal 1991 only to reflect the anticipated savings in this division for implementing P/P/P on-line; 6) a decrease of $343,610 in fiscal 1990 and $57,498 in fiscal 1991 as the legislature denied a portion of the executive equipment request; 7) an annual $500,000 decrease due to the legislature denying the executive request to provide centralized hardware and software maintenance contracts for state government; 8) a decrease of $28,201 in fiscal 1990 and $53,481 in fiscal 1991 as the legislature denied the executive request for increased maintenance costs; and 9) a decrease of $230,780 in fiscal 1990 and $292,773 in fiscal 1991 from the executive's original request for purchasing equipment for a large system to be implemented by the Department of Social and Rehabilitation Services.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: INFO. SERVICES DIVISION
INFORMATION CENTER

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	14.00	14.00	14.00	0.00	14.00	14.00	0.00	0.00
Personal Services	$346,729	$386,481	$406,853	$ 20,372	$387,484	$421,157	$ 33,673	17.34
Operating Expenses	92,136	99,467	92,508	(6,959)	99,615	92,619	(6,996)	0.40
Equipment	44,057	59,305	36,805	(22,500)	59,305	36,805	(22,500)	(16.46)
TOTAL EXPENSES	$482,922	$545,253	$536,166	$ (9,087)	$546,404	$550,581	$ 4,177	11.03
FUNDING								
Proprietary Fund	$482,922	$545,253	$536,166	$ (9,087)	$546,404	$550,581	$ 4,177	11.03

Program Description: The Information Center Bureau of the Information Services Division provides user assistance, trains users on mainframe and microcomputer products, provides technical support for microcomputers and word processing systems, and provides consultation on office automation needs, system selection, and implementation planning.

Budget: The budget provides an 11.0 percent increase from fiscal 1988 to fiscal 1990 due to the division transferring 2.00 FTE to this program in the 1991 biennium. The positions were first transferred into this program in fiscal year 1988. Personal services increase 17.3 percent due to the FTE transfer, no vacancy savings being applied in the 1991 biennium, and the authorized pay increase.

The budget includes $36,805 annually for computer hardware and software purchases.

Funding: The Information Center Program is funded from fees charged state agency computer users and a general subsidy from the computer services proprietary account. In fiscal 1988, $191,649 was collected, or approximately 40 percent of the cost of operating the program.

Difference From Executive: The legislative appropriation is less than the executive budget due to the following factors: 1) eliminating vacancy savings adds $7,546 in fiscal 1990 and $7,562 in fiscal 1991; 2) the pay plan adds $12,569 in fiscal 1990 and $26,111 in fiscal 1991; and 3) the legislature denied a portion of the executive equipment request and funding for new services, decreasing the budget $29,622 annually.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: INFO. SERVICES DIVISION
SYSTEMS DEVELOPMENT BUREAU

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	23.00	23.00	23.00	0.00	23.00	23.00	0.00	0.00
Personal Services	$757,428	$ 743,901	$ 781,531	$ 37,630	$745,591	$807,359	$61,768	3.18
Operating Expenses	106,271	279,492	273,338	(6,154)	79,649	73,495	(6,154)	157.21
Equipment	4,977	82,200	40,000	(42,200)	7,900	0	(7,900)	703.70
TOTAL EXPENSES	$868,676	$1,105,593	$1,094,869	$(10,724)	$833,140	$880,854	$47,714	26.04
FUNDING								
Proprietary Fund	$868,676	$1,105,593	$1,094,869	$(10,724)	$833,140	$880,854	$47,714	26.04

Program Description: The Systems Development Bureau of the Information Services Division is responsible for planning, designing, developing and supporting application systems for state agencies.

Legislative Intent: The $200,000 biennial contract programming appropriation is line-itemed.

Budget: Total expenditures increase 26.0 percent from fiscal 1988 to fiscal 1990 due to a $200,000 biennial appropriation for contract programming being included in fiscal year 1990. Personal services increase 3.2 percent due to the elimination of vacancy savings and the authorized pay increase.

Software rental expenditures were formerly budgeted in this program in the 1989 biennium but are now budgeted in the Central Computer Operations Program.

The equipment budget includes $40,000 in fiscal 1990 only to enable the Systems Development Program to purchase personal computers for its systems development staff.

Funding: The Systems Development Program is funded from fees it charges agencies for developing system applications reflecting agencies' needs. The program is also subsidized by the division's proprietary account. In fiscal 1988, $616,508 was collected from services provided other state agencies, or approximately 71 percent of the cost of the program.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $14,746 in fiscal 1990 and $14,776 in fiscal 1991 due to the elimination of vacancy savings; 2) an increase of $22,627 in fiscal 1990 and $46,992 in fiscal 1991 for the pay plan; 3) an annual $6,154 reduction as the legislature denied the executive request for new services and higher communications costs; and 4) a decrease of $42,200 in fiscal 1990 and $7,900 in fiscal 1991 due to the legislature not fully funding the executive equipment request.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: INFO. SERVICES DIVISION
TELECOMMUNICATIONS BUREAU

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	16.64	16.64	16.64	0.00	16.64	16.64	0.00	0.00
Personal Services	$ 505,333	$ 506,097	$ 532,490	$ 26,393	$ 506,774	$ 550,518	$ 43,744	5.37
Operating Expenses	4,156,881	4,568,271	4,500,526	(67,745)	4,660,757	4,589,452	(71,305)	8.27
Equipment	357,530	317,000	209,000	(108,000)	264,000	210,000	(54,000)	(41.54)
Non-Operating	3,342,770	2,782,413	2,782,413	0	2,942,079	2,905,953	(36,126)	(16.76)
TOTAL EXPENSES	$8,362,514	$8,173,781	$8,024,429	$(149,352)	$8,373,610	$8,255,923	$(117,687)	(4.04)
FUNDING								
Proprietary Fund	$8,362,514	$8,173,781	$8,024,429	$(149,352)	$8,373,610	$8,255,923	$(117,687)	(4.04)

Program Description: The Telecommunications Bureau of the Information Services Division is responsible for the operation of the state telephone system, designing and developing telecommunication systems, technical service and support, and planning and coordinating statewide telecommunications in general.

Budget: The budget provides a 4.0 percent decrease due to reduced funding for outright and installment equipment purchases. The Telecommunications Bureau spent $3,700,300 in fiscal 1988 for either outright or installment equipment purchases while $2,991,413 in fiscal 1990 and $3,115,953 in fiscal 1991 is included for this purpose.

The 8.3 percent operating expense increase from fiscal 1988 to fiscal 1990 is due to $212,920 added annually for anticipated growth in use of long distance voice circuits and growth in long distance calls. Audit fees, deadhead mail, and SBAS on-line charges add $10,970 to fiscal 1988 expenditures and $2,687 to fiscal 1991. Higher telephone maintenance charges add $4,000 in fiscal 1990 and $14,000 in fiscal 1991. Inflation adds approximately $114,000 in fiscal 1990 and $200,000 in fiscal 1991.

Funding: The Telecommunications Bureau is funded from fees charged state agencies for telephone equipment, state telephone network, data lines, and other services. In fiscal 1988, the program collected $8,234,165 from state agencies and others for its services, or 98 percent of the cost of the program. Since there is no other program from which to receive a subsidy, the deficit was made up by available cash in the fund balance.

Difference From Executive: The 1991 biennium budget is less than the executive budget request because the legislature did not fund the executive request to upgrade long distance data circuits ($100,000 annually). In addition, the legislature provided fewer funds to make outright equipment purchases, $108,000 in fiscal 1990 and $54,000 in fiscal 1991. These budget reductions were partially offset by budget increases, including: 1) not applying vacancy savings, $10,329 in fiscal 1990 and $10,342 in fiscal 1991; 2) funding higher operating costs than requested, approximately $28,000 annually; and 3) pay plan increases of $16,064 in fiscal 1990 and $33,402 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: INFO. SERVICES DIVISION - EMERGENCY 911

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	2.00	2.00	2.00	0.00	2.00	2.00	(2.00)	0.00
Personal Services	$70,265	$69,682	$73,136	$ 3,454	$69,754	$75,403	$ 5,649	4.09
Operating Expenses	7,781	5,218	3,796	(1,422)	5,146	3,722	(1,424)	(51.21)
Equipment	1,134	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$79,180	$74,900	$76,932	$ 2,032	$74,900	$79,125	$ 4,225	(2.84)
FUNDING								
Proprietary Fund	$79,180	$74,900	$76,932	$ 2,032	$74,900	$79,125	$ 4,225	(2.84)

Program Description: The 911 Emergency Program was authorized by the 1985 legislature to allow the development of a statewide system for 911 emergency telephone help from a public safety agency. The program became effective January 1, 1987.

Budget: The budget is reduced 2.8 percent from fiscal 1988 to fiscal 1990 because maximum total expenditures are limited to 7.0 percent of the anticipated revenues (see funding section).

Funding: The Emergency 911 Program is funded from a portion of the monthly 25 cent fee assessed telephone subscribers across the state. The division is allowed 7.0 percent or actual expenses, whichever is less, to administer this activity. This budget assumes $1,070,000 will be collected from the assessment each year.

Difference From Executive: The legislative appropriation exceeds the executive budget because $2,032 in fiscal 1990 and $4,225 in fiscal 1991 is added for the pay plan.

AGENCY: DEPARTMENT OF ADMINISTRATION

LEGISLATIVE ACTION

PROGRAM: SECURITY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	2.00	2.00	0.00	(2.00)	2.00	0.00	(2.00)	(2.00)
Personal Services	$55,869	$56,040	$0	$(56,040)	$55,805	$0	$(55,805)	(100.00)
Operating Expenses	159	149	0	(149)	154	0	(154)	(100.00)
TOTAL EXPENSES	$56,028	$56,189	$0	$(56,189)	$55,959	$0	$(55,959)	(100.00)
FUNDING								
General Fund	$55,042	$56,189	$0	$(56,189)	$55,959	$0	$(55,959)	(100.00)
Other Revenue	986	0	0	0	0	0	0	(100.00)
TOTAL FUNDING	$56,028	$56,189	$0	$(56,189)	$55,959	$0	$(55,959)	(100.00)

Program Description: This program was allocated to the Governor's Office beginning in the 1991 biennium.

Budget: When this program was transferred to the Governor's Office, only 1.50 FTE were transferred. The remaining 0.50 FTE was deleted, saving approximately $25,860 general fund in the 1991 biennium.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: GENERAL SERVICES

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	46.00	46.00	45.00	(1.00)	46.00	45.00	(1.00)	(1.00)
Personal Services	$ 966,305	$ 984,601	$1,026,500	$ 41,899	$ 988,377	$1,071,537	$ 83,160	6.23
Operating Expenses	2,154,168	2,670,339	2,654,754	(15,585)	2,686,461	2,672,626	(13,835)	23.24
Equipment	2,837	14,400	6,000	(8,400)	16,500	6,000	(10,500)	111.49
Non-Operating	58,274	58,801	58,801	0	58,801	58,801	0	0.90
TOTAL EXPENSES	$3,181,584	$3,728,141	$3,746,055	$ 17,914	$3,750,139	$3,808,964	$ 58,825	17.74
FUNDING								
General Fund	$ 215,259	$ 381,709	$ 383,905	$ 2,196	$ 384,050	$ 391,175	$ 7,125	78.35
Other Revenue	2,966,325	3,346,432	3,362,150	15,718	3,366,089	3,417,789	51,700	13.34
TOTAL FUNDING	$3,181,584	$3,728,141	$3,746,055	$ 17,914	$3,750,139	$3,808,964	$ 58,825	17.74

Program Description: The General Services Division provides maintenance, janitorial, and security services for 38 buildings with a total of 883,918 occupied square feet located primarily in the capitol complex.

Legislative Intent:

The department may charge a maximum of $3.17 per square foot in fiscal 1990 and $3.19 per square foot in fiscal 1991. At the end of fiscal 1991, the maximum working capital the department may carry over is $320,000.

Funds remaining in the Capitol Land Grant account of the Capitol Projects Fund, after the appropriation has been met for the General Services Division of the Department of Administration, are appropriated to the Long-Range Building Debt Service Fund for the payment of principal and interest on bonds issued for public buildings at the capitol for executive, legislative, and judicial purposes, as outlined in Section 12 of the enabling act. This appropriation is for the biennium ending June 30, 1991, and is not to exceed the annual debt service required on these bonds.

Budget: The budget increases 17.7 percent from fiscal 1988 to fiscal 1990 due to increases in contracted services (primarily janitorial services), utility costs, major maintenance, and equipment funding.

Full-time equivalent positions are reduced 1.0 due to extended vacancy. Personal services increase because of the authorized pay increase and the fiscal 1988 vacancy savings rate was 6 percent while no vacancy savings is included in the 1991 biennium.

Operating costs increase 23.2 percent from fiscal 1988 to fiscal 1990 as a result of the following increases: 1) Contracted services: $60,250 in fiscal 1990 and $69,047 for anticipated contract price increases when the existing janitorial and other contracts are rebid; 2) Utility inflation: $196,963 in fiscal 1990 and $267,713 in fiscal 1991 is added for utility inflation (a small amount is for increased space); 3) Major maintenance: $62,030 is added in fiscal 1990 only for major maintenance projects not covered by the current budget; and 4) Rent: $163,985 in fiscal 1990 and $166,308 in fiscal 1991 is added to the rent expense category which represents the general fund increase from fiscal 1988 to the 1991 biennium. The transfer of general fund to the proprietary account, which is required by generally accepted accounting principles, is recorded by the department as rent expense.

The budget also includes $6,000 annually, an increase of $3,163 over fiscal 1988 expenditures, for equipment purchases.

Non-operating costs are transfers from the capital projects fund to the division's proprietary account. Generally accepted accounting principles direct this transfer to properly record proprietary funded operations.

Funding: The General Services Division is funded from several sources. General fund is appropriated to the division in lieu of charging agencies for the "common area" space in the Capitol Complex. This common area includes legislative space in the capitol, museum space in the Historical Society, and the Governor's executive residence. The general fund amount is calculated as 12 percent of the operating budget (before pay plan costs are added). The general fund appropriation increases between fiscal 1988 and fiscal 1990 because the division underexpended its total operating budget in fiscal 1988, and spent non-general fund first. The fiscal 1988 general fund expenditure for this program, $215,259, is $138,022 less than its legislative appropriation of $353,281. The general fund increase between fiscal years 1988 and 1990 is also due to higher overall operating costs as described in the budget section.

Another funding source paid to the General Services Division in lieu of charging agencies for services is $58,801 each year from the capitol building account in the capital projects fund. These funds, grouped in the other revenue category on the main table, are used for capitol building maintenance. Both the general fund and the capitol building account monies are paid directly to the division for operating costs rather than the division recovering these costs through the rental rate charged to agencies within the capitol complex.

A third funding source in the General Services Division is $50,000 each year from direct reimbursement by state agencies for special projects, rather than routine maintenance. These funds are also grouped in the other revenue category on the main table. If special project costs are not incurred, the revenue will not be received.

The final funding source in the General Services Division is the income from rental rates assessed state agencies on the basis of square footage. Rental income is deposited to the division's proprietary account. The square footage rental rate is based on the operating costs of the division (before pay plan) less the first three funding sources. The remaining operating costs are then divided by the occupied square footage in the capitol complex to determine the square footage rate. For the 1991 biennium, the square footage rate is calculated to be no more than $3.17 in fiscal 1990 and $3.19 in fiscal 1991. The amount to be recovered through rental charges is $2,781,121 in fiscal 1990 and $2,798,159 in fiscal 1991. Because the rental rates were established before the pay plan was passed by the legislature, the division will have to fund the non-general fund portion of the pay plan from higher-than-anticipated revenues or from excess reserves.

Table 2 details the Other Revenue for the division in the 1991 biennium by funding source. As noted in the budget section of this narrative, the general fund and capitol building account monies are transferred to and spent from the proprietary fund to meet generally accepted accounting principles. This is shown as transfers in Table 2 under the Proprietary Fund subheading.

Table 2
Other Revenue by Funding Source
General Services Division - 1991 Biennium

Funding/Source	Fiscal 1990	Fiscal 1991
Capital Projects Fund		
Capitol Building Account	$ 58,801	$ 58,801
Proprietary Fund		
General Fund Transfer	$ 379,244	$ 381,567
Capitol Building Account Transfer	58,801	58,801
Special Projects	50,000	50,000
Rental Rates	2,781,121	2,798,159
Pay Plan	34,183	70,461
Total Other Revenue	$3,362,150	$3,417,789

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $19,828 in fiscal 1990 and $19,761 in fiscal 1991 due to the elimination of vacancy savings; 2) an increase of $38,844 in fiscal 1990 and $80,069 in fiscal 1991 for the pay plan; 3) an annual 1.00 FTE and approximate $16,700 decrease as the legislature deleted a vacant position; 4) a net decrease of $12,411 in fiscal 1990 and $6,255 in fiscal 1991 for overall lower inflation allowance; 5) a decrease of $2,680 in fiscal 1990 and $6,931 in fiscal 1991 for reduced special improvement district costs; and 6) a decrease of $8,400 in fiscal 1990 and $10,500 in fiscal 1991 as the legislature denied a portion of the executive equipment request.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION — PROGRAM: CENTRAL MAIL BUREAU

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	9.25	10.25	9.75	(0.50)	10.25	9.75	(0.50)	0.50
Personal Services	$ 177,793	$ 187,671	$ 189,490	$ 1,819	$ 190,005	$ 201,014	$ 11,009	6.58
Operating Expenses	925,730	1,253,393	1,152,311	(101,082)	1,329,794	1,193,333	(136,461)	24.48
Equipment	8,323	36,594	0	(36,594)	0	0	0	(100.00)
Non-Operating	2,730	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$1,114,576	$1,477,658	$1,341,801	$(135,857)	$1,519,799	$1,394,347	$(125,452)	20.39
FUNDING								
Proprietary Fund	$1,114,576	$1,477,658	$1,341,801	$(135,857)	$1,519,799	$1,394,347	$(125,452)	20.39

Program Description: The Central Mail Bureau serves as the state's central mail operation. Both incoming U.S. mail and inter-office mail are routed and delivered by this bureau for a majority of Helena-based agencies. The bureau also picks up and processes outgoing mail for user agencies.

Legislative Intent: The department may charge a maximum overhead rate of 7.0 percent in fiscal 1990 and 6.0 percent in fiscal 1991.

Budget: The budget increases 20.4 percent from fiscal 1988 to fiscal 1990 due primarily to the postal rate increase which was implemented in late fiscal year 1988. In addition, the budget allows additional postage expenditures to accommodate an estimated 3.5 percent increase in mail volume due to more agencies using the central mail service.

Program Expansion:

1. Additional Staff - The legislature authorized the addition of a 0.50 FTE mail clerk to accommodate the current workload. This adds $8,189 in fiscal 1990 and $8,190 in fiscal 1991 funded from the mail bureau proprietary account.

Funding: The Central Mail Bureau receives its funding from four sources:

1. Each state agency is assessed a fee for mail sorting and delivery based on its volume of mail in the base year and the number of stops mail bureau personnel must make within each agency. This is known as "deadhead" mail. The total deadhead revenue is estimated at $112,188 each year of the 1991 biennium.

2. The second revenue source is the overhead cost recovered on postage for outgoing U.S. mail. The legislature established a maximum 7 percent overhead rate in fiscal year 1990 and a 6 percent rate in fiscal year 1991. This is down from 17.5 percent in the current biennium. The budget estimates $75,100 in fiscal year 1990 and $67,200 in fiscal year 1991 will be recovered for overhead.

3. The third revenue source is a contract with the U.S. Postal Service for $38,976 annually to cover the cost of normal operating hours of the Capitol post office and other services provided for the U.S. Post Office. The first three revenue sources are deposited to a proprietary account from which all program costs are paid.

4. The actual postage and shipping costs, the fourth revenue source, are also recovered from the agencies and deposited to this proprietary account. This source is estimated to generate $1,072,269 in fiscal year 1990 and $1,120,521 in fiscal 1991.

The four revenue sources are projected to produce insufficient revenue to fully recover program costs (including pay plan) in the 1991 biennium. In fiscal 1990, approximately $43,300 will be made up by available cash in the fund balance, raising deadhead rates, or using higher-than-anticipated overhead revenues. In fiscal 1991, approximately $55,500 will be needed to meet program costs. In fiscal year 1988, 41 percent of the revenue deposited into this proprietary account came from the general fund.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an increase of $8,628 in fiscal 1990 and $17,818 in fiscal 1991 for the pay plan; 2) an increase of $61,647 in fiscal 1990 and $63,804 in fiscal 1991 for higher budgeted postage inflation; 3) a decrease of $109,199 in fiscal 1990 and $105,641 in fiscal 1991 as the legislature denied a budget modification for a 0.50 FTE mail clerk and additional postage costs; 4) a decrease of $60,457 in fiscal 1990 and $101,553 in fiscal 1991 due to lower growth estimates; and 5) a decrease of $36,594 in fiscal 1990 only as the legislature denied the executive equipment request.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION — PROGRAM: CENTRALIZED SERVICES

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	14.00	14.00	14.00	0.00	14.00	14.00	0.00	0.00
Personal Services	$377,010	$374,497	$394,959	$20,462	$375,183	$409,515	$34,332	4.76
Operating Expenses	59,452	64,264	64,350	86	57,073	57,159	86	8.24
Equipment	5,951	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$442,413	$438,761	$459,309	$20,548	$432,256	$466,674	$34,418	3.82
FUNDING								
General Fund	$411,581	$408,594	$427,678	$19,084	$401,954	$433,915	$31,961	3.91
Proprietary Fund	30,832	30,167	31,631	1,464	30,302	32,759	2,457	2.59
TOTAL FUNDING	$442,413	$438,761	$459,309	$20,548	$432,256	$466,674	$34,418	3.82

Program Description: The Centralized Services Division is divided into two functional areas: central services and treasury. The central services function contains central accounting, budget, and personnel functions for the department. The treasury function is the state's central bank. It receives and disburses funds and monitors the records of accounts for all approved commercial depositories through the state.

Budget: The total budget increases 3.8 percent from fiscal 1988 to fiscal 1990. Operating costs increase 8.2 percent from fiscal 1988 to fiscal 1990 increase due to adding $2,224 annually for ISD subscription charges over the amount included in the base and $3,330 annually for SBAS on-line edit and entry charges.

Funding: The Centralized Services Division is funded from general fund and the Investment Division's (Department of Commerce) proprietary fund. The proprietary fund supports 1.00 FTE and related operating expenses in the Treasury Bureau whose function is to reconcile investment activity with the clearing bank transaction records.

Difference From Executive: The legislative appropriation exceeds the executive recommendation because no vacancy savings was applied in the 1991 biennium. This added $7,643 in fiscal 1990 and $7,657 in fiscal 1991 to the executive recommendation. In addition, the pay plan added $12,891 in fiscal 1990 and $26,675 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: PERSONNEL

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	27.50	27.00	27.00	0.00	27.00	27.00	0.00	(0.50)
Personal Services	$740,509	$739,272	$779,345	$40,073	$740,305	$807,408	$67,103	5.24
Operating Expenses	130,630	112,723	112,723	0	113,704	113,704	0	(13.71)
Equipment	616	572	572	0	625	625	0	(7.14)
TOTAL EXPENSES	$871,755	$852,567	$892,640	$40,073	$854,634	$921,737	$67,103	2.40
FUNDING								
General Fund	$871,755	$852,567	$892,640	$40,073	$854,634	$921,737	$67,103	2.40

Program Description: The Personnel Program provides centralized personnel services to state agencies including classification, employee relations, labor relations, and development of personnel policy.

Budget: The budget increases 2.4 percent from fiscal 1988 to fiscal 1990. Personal services increase 5.2 percent from fiscal 1988 to fiscal 1990 because of the authorized pay increase and the actual vacancy savings in fiscal 1988 was 4.9 percent while no vacancy savings is applied in the 1991 biennium. A 0.50 FTE was transferred to the Group Benefits Program to more accurately reflect the amount of time spent by the position on employee benefits related functions.

Operating expenses decrease 13.7 percent due to a one-time $20,300 contract for an office automation study funded in fiscal 1988.

Funding: The program is funded from general fund.

Difference From Executive: The legislative appropriation exceeds the executive recommendation because no vacancy savings was applied in the 1991 biennium. This added $15,080 in fiscal 1990 and $15,101 in fiscal 1991 to the executive recommendation. In addition, the pay plan added $24,993 in fiscal 1990 and $52,002 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: EMPLOYEE BENEFITS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	6.77	8.00	8.00	0.00	8.00	8.00	0.00	1.23
Personal Services	$176,498	$199,747	$210,856	$ 11,109	$199,700	$218,365	$18,665	19.47
Operating Expenses	121,974	131,403	233,375	101,972	103,681	115,659	11,978	91.33
Equipment	204	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$298,676	$331,150	$444,231	$113,081	$303,381	$334,024	$30,643	48.73
FUNDING								
General Fund	$ 31,257	$ 26,273	$117,712	$ 91,439	$ 30,332	$ 32,545	$ 2,213	276.59
Proprietary Fund	267,419	304,877	326,519	21,642	273,049	301,479	28,430	22.10
TOTAL FUNDING	$298,676	$331,150	$444,231	$113,081	$303,381	$334,024	$30,643	48.73

Program Description: The Employee Benefits Program is responsible for administration of the state's health insurance and employee benefits program.

Budget: Total expenditures are budgeted to increase 48.7 percent due to the budget modification approved by the legislature for increased workload (see Program Expansion narrative), the funds added by House Bill 786 (see Other Legislation), and operating expense increases. Operating costs were increased from fiscal 1988 actual expenditures for the following reasons: 1) $13,765 in contracted services for reviewing the deferred compensation plan; 2) $5,200 for increased rent cost and allocation; 3) $5,000 for increased wellness training costs; and 4) $90,000 for a state employee compensation committee.

The state's costs for the statewide genetics program increases slightly in the 1991 biennium: $11,765 is budgeted in fiscal 1990 and 1991 compared to $11,150 paid in fiscal 1988.

Fiscal 1990 includes approximately $20,000 for the benefits plan audit which is now required annually. The department requested funding in fiscal 1990 only because proposed legislation would change the annual audit requirement to a biennial requirement.

FTE increases 1.23 due to transferring a 0.50 FTE from the Personnel Program, adding a 1.00 FTE in the modified budget, and eliminating a 0.27 FTE added in fiscal 1988. The FTE increase and the authorized pay increase account for the 19.5 percent personal services increase.

Program Expansion:

1. COBRA Workload - The legislature approved the addition of a 1.00 FTE clerk to assist the division with the increased workload caused by the requirements of the Congressional Omnibus Budget Reconciliation Act of 1986 regarding the appropriate health insurance coverage of former employees and/or former spouses of state employees. This modification adds $18,106 in fiscal 1990 and $18,107 in fiscal 1991.

Funding: The Group Benefits Program is funded by general fund and proprietary funds. The Compensation Program, which is responsible for administering the state pay plan, incentive awards program, and salary survey activity, receives general fund support. All other activities are funded from the group benefits administration account, which receives the majority of its revenue from investment earnings from the state's health insurance self-insurance fund.

Other Legislation:

House Bill 786, the pay plan bill, appropriates $90,000 to the Department of Administration for the 1991 biennium to fund a state employee compensation committee. This committee was formed to examine policies governing state employee compensation in Montana and other comparable governmental and private sector entities; identify problems with the state employee compensation and options for resolving the problems; develop recommendations to maximize employee productivity and promote quality governmental services within available funding; and report its findings, recommendations, and any proposed legislation to the governor and the Fifty-second Legislature.

Difference From Executive: The legislative appropriation exceeds the executive recommendation because no vacancy savings was applied in the 1991 biennium. This added $4,076 in fiscal 1990 and $4,075 in fiscal 1991 to the executive recommendation. In addition, the pay plan added $7,033 in fiscal 1990 and $14,590 in fiscal 1991. Funding for the statewide genetics program was not included in the executive recommendation as it requires legislative authorization each session. The legislature included $11,765 each year for the state's responsibility to this program. Finally, $90,000 is included in fiscal 1990 (a biennial appropriation) to fund the state employee compensation committee (see Other Legislation section).

AGENCY: DEPARTMENT OF ADMINISTRATION

LEGISLATIVE ACTION

PROGRAM: PERSONNEL DIVISION--TRAINING

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	3.00	3.00	3.00	0.00	3.00	3.00	0.00	0.00
Personal Services	$ 93,002	$ 89,833	$ 94,404	$4,571	$ 89,934	$ 97,461	$7,527	1.51
Operating Expenses	71,518	87,744	87,744	0	87,977	87,977	0	22.69
Equipment	555	2,200	2,200	0	2,200	2,200	0	296.40
Non-Operating	34,572	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$199,647	$179,777	$184,348	$4,571	$180,111	$187,638	$7,527	(7.66)
FUNDING								
General Fund	$ 34,572	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	(100.00)
Proprietary Fund	165,075	179,777	184,348	4,571	180,111	187,638	7,527	11.68
TOTAL FUNDING	$199,647	$179,777	$184,348	$4,571	$180,111	$187,638	$7,527	(7.66)

Program Description: The Training Program provides central coordination for general training activities throughout state government.

Budget: This program will become self-sufficient beginning in fiscal 1990. Budgeted expenditures will decrease 7.7 percent in fiscal 1990 from fiscal 1988 as the switch from a partially general-fund-subsidized program to a self-sufficient program eliminates the non-operating costs which were transfers of general fund to the proprietary fund. Excluding transfers, total costs **increase** 12.0 percent from fiscal 1988 to fiscal 1990. This is caused by increasing training-related costs, including $11,325 for contracted training, $2,038 for communications, and $1,275 for increased travel.

Equipment funds are included for training films.

Funding: Since fiscal 1984, the training program has received a general fund subsidy to offer the Management Training Program. Beginning in fiscal 1990, the division will offer its training programs and services under a self-sufficient operation mode.

Difference From Executive: The legislative appropriation exceeds the executive recommendation because no vacancy savings was applied in the 1991 biennium. This added $1,833 in fiscal 1990 and $1,835 in fiscal 1991 to the executive recommendation. In addition, the pay plan added $2,738 in fiscal 1990 and $5,692 in fiscal 1991.

AGENCY: DEPARTMENT OF ADMINISTRATION

LEGISLATIVE ACTION

PROGRAM: TORT CLAIMS DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	8.50	10.50	10.50	0.00	10.50	10.50	0.00	2.00
Personal Services	$ 230,197	$ 315,701	$ 344,794	$29,093	$ 315,779	$ 356,199	$40,420	49.78
Operating Expenses	1,603,672	1,557,151	1,555,534	(1,617)	1,549,627	1,548,183	(1,444)	(3.00)
Equipment	36,048	0	0	0	0	0	0	(100.00)
Non-Operating	945,000	1,153,622	1,170,568	16,946	1,134,878	1,151,995	17,117	23.87
TOTAL EXPENSES	$2,814,917	$3,026,474	$3,070,896	$44,422	$3,000,284	$3,056,377	$56,093	9.09
FUNDING								
Proprietary Fund	$2,814,917	$3,026,474	$3,070,896	$44,422	$3,000,284	$3,056,377	$56,093	9.09

Program Description: The Tort Claims Division provides for the investigation, defense, and payment of bodily injury and property damage claims by all agencies, officers, and employees of the State of Montana under Article II, Section 18 of the Montana constitution, and the Montana Tort Claims Act. The division also assesses the fire, casualty, and bond risks of the state for all state-owned buildings, equipment, fixtures, boilers, aircraft, cash and securities, and provides either commercial or self-insurance protection for the financial loss of such property.

Legislative Intent: The department may expend available self-insurance reserves and revenues to pay any deficit that may be incurred for property or liability insurance premiums due and payable through June 30, 1991.

Budget: Total fiscal 1990 expenditures increase 9.1 percent from fiscal 1988 due to two major factors: 1) the division experienced a very high vacancy savings rate in fiscal 1988 (17 percent) so the full funding of personal services added approximately $47,000 to the personal services budget; and 2) the legislature authorized the addition of 2.00 FTE in a modified as described below.

Operating expenses include $746,532 annually for contracted legal fees and court costs associated with the defense of tort actions against the state. Commercial insurance premiums are budgeted at $719,230 in fiscal 1990 and $730,528 in fiscal 1991. The remaining operating expenses, $89,772 in fiscal 1990 and $71,123 in fiscal 1991, are office operating expenses.

No equipment was requested in the 1991 biennium.

Non-operating costs are the transfer of funds from the self-insurance account to the division's operating account. The operating account pays for all operating expenses except for commercial insurance premiums.

Program Expansion:

1. Staff/Contracted Legal Services - The legislature approved two additional staff positions, a risk manager and a paralegal, to assist existing staff with the mounting workload. Total personal services associated with the additional staff is $54,462 in fiscal 1990 and $54,444 in fiscal 1991. In addition, the legislature approved $312,460 annually for contracted legal services and related court costs associated with tort actions against the state. (This modified combined with the $434,072 budgeted in current level equals the $746,532 noted earlier.) The modified as approved by the legislature is $33,038 less per year than originally requested. During the hearing process, the agency identified cost savings that could result from adding the additional staff. Since this program is funded from the investment earnings of the self-insurance fund, a transfer is made from the self-insurance fund to an operating account from which all operating costs are paid, except commercial insurance premiums. As a result, the appropriation authority required for this modified is $733,844 in fiscal 1990 and $733,808 in fiscal 1991.

Funding: The Tort Claims Division is funded from premiums assessed state agencies for commercial and self-insurance costs and from interest earnings on the self-insurance account. The insurance premiums assessed state agencies, both for self-insurance and commercial insurance coverage, are estimated to total $3,692,500 in fiscal 1990 and $3,808,400 in fiscal 1991. Interest earnings are estimated to provide an additional $536,000 annually.

Difference From Executive: The 1991 biennium budget exceeds the executive recommendation due to the following factors: 1) the legislature funded a 1.00 FTE administrative officer position two grades higher than recommended by the executive which added $12,120 in fiscal 1990 and $12,116 in fiscal 1991; 2) not applying vacancy savings added $6,443 in fiscal 1990 and $6,445 in fiscal 1991; 3) the pay plan adds $10,530 in fiscal 1990 and $21,859 in fiscal 1991; 4) the legislature provided higher overall operating costs due to a base year accounting error and other miscellaneous costs, which adds $32,659 annually; 5) the legislature reduced the costs allowed for the budget modification by $34,127 in fiscal 1990 and $34,145 in fiscal 1991; and 6) the overall operating budget increase, before pay plan, adds $16,946 in fiscal 1990 and $17,117 in fiscal 1991 to the transfer from the self-insurance fund to the operating account.

The executive did not increase the allocation from the self-insurance account to the operating account for the pay plan. Rather, the increased appropriation authority was only in the operating account. As a result, the division will be required to fund the pay plan from excess cash reserves in its operating account or seek a budget amendment for the transfer of funds from the self-insurance account to the operating account.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: WORKERS' COMPENSATION JUDGE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	8.00	8.00	8.00	0.00	8.00	8.00	0.00	0.00
Personal Services	$225,091	$226,665	$238,821	$12,156	$227,131	$247,487	$20,356	6.10
Operating Expenses	70,357	71,887	71,887	0	71,214	71,214	0	2.17
Equipment	409	3,000	3,000	0	0	0	0	633.50
TOTAL EXPENSES	$295,857	$301,552	$313,708	$12,156	$298,345	$318,701	$20,356	6.03
FUNDING								
State Special Rev	$295,857	$301,552	$313,708	$12,156	$298,345	$318,701	$20,356	6.03

Program Description: The Workers' Compensation Court adjudicates disputed compensation claims among workers, insurance carriers, and employers.

Budget: The approved budget increases 6.0 percent in fiscal 1990 from fiscal 1988 due to the authorized pay increase, vacancy savings not being applied in the 1991 biennium, and $3,000 being included in fiscal 1990 for purchasing a new computer printer.

Funding: The Workers' Compensation Court is funded from the workers' compensation state special revenue fund which receives workers' compensation insurance premiums.

Difference From Executive: The legislative appropriation exceeds the executive recommendation because no vacancy savings is applied in the 1991 biennium. This adds $4,582 in fiscal 1990 and $4,591 in fiscal 1991 to the executive recommendation. In addition, the pay plan adds $7,574 in fiscal 1990 and $15,765 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION PROGRAM: STATE TAX APPEAL BOARD

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	5.75	10.50	11.00	0.50	11.50	11.00	(0.50)	5.25
Personal Services	$248,239	$270,646	$332,727	$62,081	$298,516	$341,774	$43,258	34.03
Operating Expenses	189,199	93,221	94,618	1,397	96,247	94,152	(2,095)	(49.99)
Equipment	3,923	156	156	0	0	0	0	(96.02)
TOTAL EXPENSES	$441,361	$364,023	$427,501	$63,478	$394,763	$435,926	$41,163	(3.14)
FUNDING								
General Fund	$441,361	$364,023	$427,501	$63,478	$394,763	$435,926	$41,163	(3.14)

Program Description: The State Tax Appeal Board hears appeals resulting from decisions of county appeals boards and from taxation decisions of the Department of Revenue. Included in the board's authority are property taxes, corporate license taxes, income taxes, and liquor taxes. In addition to funding state board operations, the budget includes salaries and travel expenses for the County Tax Appeal Boards.

Legislative Intent: The intent of the legislature is to make a separate appropriation for the operation of the State Tax Appeals Board and an appropriation for the operation of the County Tax Appeal Boards. These two appropriations are combined in the above table, but are identified in the following section.

Budget: The fiscal 1990 budget is a 3.1 percent decrease from fiscal 1988 due to $25,725 spent in fiscal 1988 for hearings officers not being continued into the 1991 biennium.

Personal services and full-time equivalent positions increase significantly in the 1991 biennium. In past years, the board has obtained secretarial services for the county boards under contracted services. The Department of Labor and Industry has ruled that the relationship between the county board secretaries and the county boards is an employer-employee relationship. The counties had the option of designating the secretarial position as a state or a county position. Thirty-nine counties opted to make it a state position. The other 17 counties chose county positions; however, the State Tax Appeal Board must still pay the counties for the services.

Operating expenses are budgeted to decrease 50 percent from fiscal 1988 to fiscal 1990 due to the change in budgeting county board secretaries and because the hearings officer expenditures are not carried into the 1991 biennium.

The 1991 biennium equipment budget includes funding for the purchase of software and a calculator per the agency's request.

Table 3 below shows the allocation of the budget between the State Tax Appeal Board and the County Tax Appeal Boards for each year of the 1991 biennium. As the table shows, the allocation is an approximate 50/50 split between the two functions.

Table 3
State Tax Appeal Board Appropriation Allocation*
1991 Biennium

	- - - - State Board - - - -		- - - County Boards - - -		- - Total Appropriation - -	
	Fiscal 1990	Fiscal 1991	Fiscal 1990	Fiscal 1991	Fiscal 1990	Fiscal 1991
FTE	5.50	5.50	5.50	5.50	11.00	11.00
Personal Services						
Staff	$156,042	$154,631	$ 82,677	$ 82,681	$ 238,719	$237,312
Honorariums	-0-	-0-	85,580	85,580	85,580	85,580
Operating						
Contracted Services	$ 20,799	$ 20,773	$ 9,900	$ 9,900	$ 30,699	$ 30,673
Supplies	5,470	5,164	13,136	13,444	18,606	18,608
Communications	8,513	8,513	4,668	4,668	13,181	13,181
Travel	9,420	9,420	11,913	11,913	21,333	21,333
Rent	7,343	7,366	-0-	-0-	7,343	7,366
Repair & Maintenance	2,490	2,448	-0-	-0-	2,490	2,448
Other	650	1,150	103	565	753	1,715
Equipment	156	-0-	-0-	-0-	156	-0-
TOTAL	$210,883	$209,465	$207,977	$208,751	$418,860	$418,216

*The above figures do not include pay plan allocations.

Funding: The State Tax Appeal Board is funded by general fund.

Difference From Executive: The 1991 biennium budget exceeds the executive budget recommendation due to the following factors: 1) The legislature authorized 11.00 FTE each year while the executive authorized 10.50 FTE in fiscal 1990 and

11.50 FTE in fiscal 1991. The net impact of the FTE differences, and some related position classification differences, is higher personal services in fiscal 1990 of approximately $12,000 and lower personal services in fiscal 1991 of approximately $3,900. 2) The legislature included $85,580 annually for county board per diem while the executive recommended $40,725 in fiscal 1990 and $53,055 in fiscal 1991, an increase of $44,855 in fiscal 1990 and $32,525 in fiscal 1991 over the executive budget. 3) The pay plan adds $8,641 in fiscal 1990 and $17,710 in fiscal 1991. 4) The legislature provided $3,600 higher benefits than included in the executive budget. Offsetting these increases is an annual $7,000 decrease as the legislature provided a lower level of contracted services for county secretaries than included in the executive budget.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION

PROGRAM: PUBLIC EMPLOYEES RETIREMENT DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	19.60	19.00	20.00	1.00	19.00	20.00	1.00	0.40
Personal Services	$448,251	$455,020	$501,838	$46,818	$456,514	$522,201	$65,687	11.95
Operating Expenses	234,179	387,170	394,322	7,152	252,638	251,187	(1,451)	68.38
Equipment	18,790	3,763	4,125	362	1,463	1,797	334	(78.05)
TOTAL EXPENSES	$701,220	$845,953	$900,285	$54,332	$710,615	$775,185	$64,570	28.39
FUNDING								
Pension Trust Fund	$701,220	$845,953	$900,285	$54,332	$710,615	$775,185	$64,570	28.39

Program Description: The Public Employees Retirement Division is administratively attached to the Department of Administration. It administers eight retirement systems for its members and their beneficiaries. It is also responsible for administering Section 218 of the Social Security Act which extends social security coverage to specific groups of state and local government employees in Montana.

Budget: The fiscal 1990 budget shows an overall 28.4 percent increase from fiscal 1988 due to three budget modifications approved by the legislature, increased contracted services (actuarial costs, computer processing, printing, and legal costs), vacancy savings not being applied in the 1991 biennium, and the authorized pay increase.

Program Expansions:

1. Computer Enhancements - The legislature approved $83,052 in fiscal 1990 for enhancements to the agency's "Active" system. The enhancements would enable the system to: correct social security numbers, change interest rates, provide duplicate payroll reports, and input additional reports.

2. "Buy Back FTE" - The legislature approved $6,424 in fiscal 1990 and $6,425 in fiscal 1991 for the agency to add a 0.40 FTE technician to assist in the "buy back" area of the program.

3. Pre-retirement Seminars - The legislature approved $3,542 in fiscal 1990 and $3,589 in fiscal 1991 for offering four additional pre-retirement seminars annually (for a total of eight). These seminars are held around the state in conjunction with the Professional Development Center.

Funding: The division is funded from interest earned on investments held in trust for the retirement systems.

Difference From Executive: Legislative adjustments to the executive budget include: 1) an approximate annual increase of $9,100 due to the elimination of vacancy savings; 2) an increase of $17,333 in fiscal 1990 and $36,017 in fiscal 1991 for the pay plan; 3) an annual increase of 1.00 FTE and approximately $22,500 as the legislature restored a position deleted by the executive in its original request; 4) a $15,000 increase in fiscal 1990 only for computer processing charges not included in the executive budget; 5) an approximate annual $2,130 reduction for a position downgrade; 6) an annual $1,524 reduction for lower photocopying fees; and, 7) a $5,180 decrease in fiscal 1990 only as the legislature denied funding increased systems development costs which were included in the executive budget.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF ADMINISTRATION — PROGRAM: TEACHERS' RETIREMENT SYSTEM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	10.40	11.00	11.50	0.50	11.00	11.50	0.50	1.10
Personal Services	$226,475	$251,319	$275,799	$24,480	$251,684	$286,818	$35,134	21.78
Operating Expenses	179,145	199,990	226,157	26,167	174,409	174,409	0	26.24
Equipment	6,266	8,688	15,788	7,100	2,089	2,089	0	151.96
TOTAL EXPENSES	$411,886	$459,997	$517,744	$57,747	$428,182	$463,316	$35,134	25.70
FUNDING								
Pension Trust Fund	$411,886	$459,997	$517,744	$57,747	$428,182	$463,316	$35,134	25.70

Program Description: The Teachers' Retirement System provides retirement, disability, and survivor benefits for the state's teachers and their beneficiaries. The Teachers' Retirement Board, which is comprised of six members, all appointed by the Governor, is responsible for the administration of the system. The system is administratively attached to the Department of Administration.

Budget: Total expenditures increase 25.7 percent in fiscal 1990 due to the legislature approving three budget modifications ($21,811 in fiscal 1990 and $11,369 in fiscal 1991), additional staff (0.50 FTE) and computer development costs due to legislation being passed which created additional workload ($42,773 in fiscal 1990 and $9,506 in fiscal 1991), legislative audit costs ($17,987 budgeted in fiscal 1990 versus $667 spent in fiscal 1988), and increased equipment funding, which added approximately $1,400 in fiscal 1990 only.

Program Expansions:

1. Actuarial Experience Study - The legislature authorized $2,950 in fiscal 1990 for the agency to contract for an actuarial study which compares the assumptions with what actually happened over a period of time. An experience study has never been performed for this program.

2. Electronic Deposit - The legislature authorized $7,500 in fiscal 1990 only for the agency to modify its computer system to enable electronic deposit for its members.

3. Additional FTE - The legislature approved $11,361 in fiscal 1990 and $11,369 in fiscal 1991 for the agency to add a 0.60 FTE to perform advanced technical analysis of membership records; interpret and apply technically complex statutes, administrative rules, and board policies; and compute and verify the cost to qualify additional service, retirement, survivor and disability benefits.

Funding: The Teachers' Retirement System is funded from interest earned on investments held in trust for the retirement system.

Difference From Executive: The legislative appropriation exceeds the executive recommendation because no vacancy savings is applied in the 1991 biennium. This adds $4,853 in fiscal 1990 and $4,861 in fiscal 1991 to the executive recommendation. In addition, the pay plan adds $9,889 in fiscal 1990 and $20,535 in fiscal 1991. Higher costs also result from the additional funds being added due to new legislation as noted in the budget section of this narrative.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HIGHWAYS — PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	1920.74	1934.43	1933.83	(0.60)	1934.43	1933.83	(0.60)	13.09
Personal Services	$ 52,107,257	$ 54,294,520	$ 57,010,209	$2,715,689	$ 54,414,453	$ 58,953,679	$4,539,226	9.41
Operating Expenses	174,726,106	198,993,056	201,541,104	2,548,048	170,451,770	170,160,807	(290,963)	15.35
Equipment	6,966,350	6,462,083	6,462,083	0	6,296,507	6,296,507	0	(7.24)
Non-Operating	14,939,472	34,016,945	33,047,896	(969,049)	34,396,871	33,231,496	(1,165,375)	121.21
TOTAL EXPENSES	$248,739,185	$293,766,604	$298,061,292	$4,294,688	$265,559,601	$268,642,489	$3,082,888	19.83
FUNDING								
State Special Rev	$124,806,108	$164,276,343	$168,241,459	$3,965,116	$155,331,061	$157,502,912	$2,171,851	34.80
Federal Revenue	107,618,669	115,224,348	115,643,538	419,190	96,135,647	96,995,848	860,201	7.46
Proprietary	16,314,408	14,265,913	14,176,295	(89,618)	14,092,893	14,143,729	50,836	(13.11)
TOTAL FUNDING	$248,739,185	$293,766,604	$298,061,292	$4,294,688	$265,559,601	$268,642,489	$3,082,888	19.83

Program Description: The Montana Department of Highways is responsible for planning, designing, constructing, maintaining, and regulating Montana's highway and road system. To accomplish this task, the agency is organized into a number of programs. These programs are: Preconstruction, responsible for planning, designing, and preparing projects to be let; Construction, responsible for monitoring contract compliance; Maintenance, responsible for road maintenance; Equipment, responsible for supplying major equipment needs of the department; Gross Vehicle Weight, responsible for regulating and protecting the highways; Stores Inventory, a central purchasing and supply distribution program; General Operations, responsible for administration and support services for other programs; and Motor Pool, responsible for providing vehicles to state agencies on a rental basis.

Legislative Intent: The following language was approved to be included in the general appropriations bill for the Department of Highways:

> The department is directed to submit to the 1991 legislature a construction work plan for the 1993 biennium that is detailed by year and project. This work plan must specify by road system or project area, proposed projects on which one million dollars or more would be spent during the 1993 biennium and an aggregate cost

for projects with anticipated expenditures of less than one million dollars. Costs must be detailed by year and project.

The department may adjust appropriations and FTE in the construction, preconstruction, interfund transfers, and maintenance programs between fiscal years and funding sources to reflect actual expenditures related to the construction work plan and maintenance activities.

Item 3 includes an appropriation of $473,272 in each fiscal year for damage repairs from insurance proceeds. In the event the insurance proceeds received exceed the amounts appropriated to the Department of Highways for fiscal 1990 and fiscal 1991, the additional funds are appropriated.

Item 4 includes $2,395,500 in fiscal 1990 and $2,422,500 in fiscal 1991 for consultant and professional services. Item 4 also includes $4,451,390 in fiscal 1990 and $7,105,100 in fiscal 1991 for right-of-way purchases. The above amounts can be expended for the prescribed purposes only and may not be transferred to any other program. The funds in item 4 for consultant and professional services and for right-of-way purchases which are not expended for the prescribed purpose must revert.

Contingent upon passage of House Bill 774, there is appropriated $150,000 a year for the 1990-91 biennium from the highway special revenue fund to the Maintenance Program.

Budget: The budget provides for a 19.8 percent increase from fiscal 1988 to 1990.

Personal services increase due to a vacancy savings rate of 7 percent agency-wide in fiscal 1988 as compared to no vacancy savings budgeted in the 1991 biennium, the pay plan increase, the upgrade of 90.00 FTE G.V.W. officers at an increased cost of $152,000 per year, and the addition of 13.09 FTE over fiscal 1988 levels. The increase in FTE is due to the addition of 10.40 FTE in fiscal 1989 as approved by the 1987 legislature, the addition of 3.00 FTE in the Maintenance Program for maintenance in the Great Falls District that was previously contract services (operating expenses were reduced by an amount equal to the personal services increase), and the net reduction of 0.31 FTE after several FTE transfers between programs.

Operating expenses increase primarily due to an increase in highway construction projects in the 1991 biennium, reflecting increased funds in the Reconstruction Trust Fund (RTF) Program for emphasis on reconstruction and repair of the state's primary system. Contractor payments for planned construction projects are $149 million in fiscal 1990 and $116 million in fiscal 1991, providing for an increase of $25.9 million in fiscal 1990 and a decrease of $7.6 million in fiscal 1991 from fiscal 1988 levels. Other increases in operating expenses include program expansions of $245,700 for tank replacement and $119,660 for rest area maintenance in the Maintenance Program, and $750,000 for gasoline and diesel cost increases.

Equipment purchase levels decrease overall from fiscal 1988. The only significant increase is $262,000 in fiscal 1990 and $242,000 in fiscal 1991 for motor pool vehicle replacements, which increase due to increased usage of the vehicles in the motor pool.

Non-operating expenses include grants for local governments, capital outlay for right-of-way purchases, and appropriation authority for fund transfers. Right-of-way purchases increase $2.1 million in fiscal 1990 and $4.8 million in fiscal 1991. The remainder of the increase in non-operating costs is due to increased appropriation authority for fund

transfers to the reconstruction trust fund for primary system improvements. Smaller fund transfer authority was required in fiscal 1988 while bond proceeds were being expended.

Funding: The Department of Highways is funded through a variety of sources. State special revenue funds include the highways state special revenue account, the reconstruction trust account, the bond proceeds account, and coal board local impact funds for the Decker-Busby highway. The highways special revenue account receives revenues from the sources shown in Table 1. The RTF state special revenue account receives fund transfers from both the bond proceeds account and the highways state special revenue account for primary system improvement projects. The large increase in state special revenue funds reflects the increased emphasis on the state-funded RTF project. Federal revenues are primarily from Federal Highway Surface Transportation Act funds. Federal fund authority is determined by a complex formula that includes consideration of the type of highway system and state financial district laws. Proprietary funds include the state motor pool account, the equipment rental account, and the internal services account (1989 biennium only).

Table 1 is a cash flow analysis of the combined highways state special revenue and reconstruction trust funds for the 1989 and 1991 bienniums. Expenditures in the 1991 biennium reflect legislative appropriations.

Table 1
Combined Highway Special Revenue and Reconstruction Trust Accounts
Fiscal Years 1988 through 1991

	FY 88	FY 89	FY 90	FY 91
Beginning Balance	$ 38,274,294	$ 65,341,458	$ 80,093,387	$ 97,045,314
Revenues				
Gasoline Tax	$ 79,675,078	$ 78,916,400	$ 77,418,349	$ 75,374,349
Diesel Tax	21,185,520	21,682,000	22,259,000	22,846,000
GVW Tax	23,664,335	23,505,100	23,154,000	23,154,000
Stores	11,375,963	13,672,810	12,920,457	12,989,537
Coal Tax	10,156,597	7,159,982	6,419,067	5,784,250
Bond Proceeds	10,286,872	26,000,000	27,962,094	0
Other	2,516,433	1,839,188	1,448,047	1,330,217
Adjustments	(118,859)	0	0	0
Total Revenues	$158,741,939	$172,775,480	$171,581,014	$141,478,353
Total Funds Available	$197,016,233	$238,116,938	$251,674,401	$238,523,667
Expenditures				
Highways Budget				
General Operations	$ 5,130,268	$ 5,244,362	$ 6,438,888	$ 6,482,934
Construction	6,851,158	20,000,000	9,020,988	24,842,226
RTF Construction	21,072,047	33,016,000	34,622,152	31,664,895
Maintenance	40,968,264	40,865,147	45,139,335	46,304,330
Preconstruction	3,847,937	4,325,416	5,011,363	6,005,957
Equipment	1,930,659	1,705,659	0	0
Stores	12,244,376	13,672,810	12,651,128	12,744,300
GVW	3,392,515	3,503,362	3,679,910	3,802,633
Bond Princ. & Interest	10,637,168	10,643,928	10,644,083	10,647,833
Local Governments	14,000,000	14,000,000	14,000,000	14,000,000
Department of Justice	9,642,372	9,736,853	10,761,740	10,848,785
Department of Commerce	71,250	71,250	71,250	71,250
Highway Traffic Safety	66,228	72,000	73,913	76,030
Department of Revenue	783,472	788,714	765,117	776,974
Long-Range Building	1,143,950	378,050	1,749,220	0
Amendments	(106,889)	0	0	0
Total Disbursements	$131,674,775	$158,023,551	$154,629,087	$168,268,147
Ending Balance	$ 65,341,458	$ 80,093,387	$ 97,045,314	$ 70,255,520

The reconstruction trust fund was created in 1983 to allow the department to implement a primary system improvement project using state funds without having to rely on federal highway fund allocations. Funding for the RTF comes from a portion of coal tax revenues, from bond issue proceeds, and from the highways state special revenue account. A $150 million revenue bond issue in 1987 provides the primary source of RTF funding until the bond proceeds are used up, which will occur in fiscal 1990. Until then, the highways special revenue account will continue to increase its fund balance. Beginning in fiscal 1991, the highways special revenue account will become the primary source for RTF projects and, as Table 1 shows, the fund balance will fall. By agency projections, it will be reduced to $10 million at the end of fiscal 1993, the ending date of the RTF project authorization.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HIGHWAYS — PROGRAM: GENERAL OPERATIONS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	178.93	168.93	168.93	0.00	168.93	168.93	0.00	(10.00)
Personal Services	$4,552,110	$4,534,654	$4,777,433	$242,779	$4,545,797	$4,952,526	$406,729	4.95
Operating Expenses	3,307,318	3,105,111	3,073,010	(32,101)	3,038,924	3,013,332	(25,592)	(7.08)
Equipment	280,529	249,765	249,765	0	139,500	139,500	0	(10.97)
Non-Operating	261,556	276,200	276,200	0	276,200	276,200	0	5.60
TOTAL EXPENSES	$8,401,513	$8,165,730	$8,376,408	$210,678	$8,000,421	$8,381,558	$381,137	(0.30)
FUNDING								
State Special Rev	$5,109,268	$6,229,730	$6,438,888	$209,158	$6,104,954	$6,482,934	$377,980	26.02
Federal Revenue	1,591,987	1,936,000	1,937,520	$1,520	1,895,467	1,898,624	$3,157	21.70
Proprietary Fund	1,700,258	0	0	$0	0	0	$0	(100.00)
TOTAL FUNDING	$8,401,513	$8,165,730	$8,376,408	$210,678	$8,000,421	$8,381,558	$381,137	(0.30)

Program Description: The General Operations Program provides administrative support services for the department, including general administration and management, accounting, planning, research, central services, and personnel.

Budget: The budget provides for a 0.3 percent decrease from fiscal 1988 to 1990. Decreases are due to the transfer of the Communications Center to the Maintenance Program and to the elimination of service charges formerly paid to the Internal Services Program for various support services.

Personal services increase 5.0 percent due to an actual vacancy savings rate in fiscal 1988 of 7.9 percent as compared to no vacancy savings budgeted in the 1991 biennium, and the pay plan increase. The increase is partially offset by the transfer of 10.00 FTE in the Communications Center to the Maintenance Program. Authorized FTE by the 1987 legislature for this program was 142.18, but with the elimination of the Internal Services Program in the 1991 biennium, 36.75 FTE will be transferred to the General Operations Program. For comparative purposes, these FTE and related costs are included in fiscal 1988 totals for this program.

Operating expenses decrease 7.1 percent for several reasons, including reductions from fiscal 1988 expenditures for: 1) inflation/deflation factors applied by the Office of Budget and Program Planning which resulted in net deflation

of approximately $80,000 per year; 2) reductions in user fees formerly paid to the Internal Services Program of approximately $225,000 per year; and 3) a reduction of nearly $90,000 of operating expenses per year from the transfer of the Communications Center to the Maintenance Program. These decreases are partially offset by an increase in contract services of $172,600 per year, including $50,000 for skid trailer analysis of roadways on a contract basis and $88,100 as a one-time expense for map digitizing as part of conversion to the Computer Aided Design and Drafting (CADD) System. Biennial audit costs of $69,250 are included in fiscal 1990 only.

Equipment included in current level is $67,500 per year for computers, $75,000 in fiscal 1990 for a collator, and the remainder for road profiler equipment and miscellaneous office furniture and equipment.

Non-operating costs include $230,000 federal funds per year in the 1991 biennium for grants to County Planning Boards for Urban Transportation Planning, and $46,200 per year for administrative expenses on building and revenue bond issues.

Section 15-70-101, MCA, appropriates $14 million of highways special revenue for distribution to cities and counties annually. These funds are distributed by the General Operations Program but are not shown in the main table because they are statutory appropriations.

Funding: State special revenue funds are from the highways special revenue account. Federal funds are from the highway trust account and include funds from the Federal Highway Surface Transportation Act Program and from the Federal Minority and Disadvantaged Business Enterprise Program. Proprietary funds in fiscal 1988 represent the amount transferred to this program for photographic, printing and data processing services when the Internal Services Program was eliminated. The proprietary funds are eliminated in the 1991 biennium, as internal services are funded directly through the highways special revenue account.

Difference From Executive: The legislature increased personal services approximately $92,000 per year due to the elimination of vacancy savings and $151,962 in fiscal 1990 plus $315,685 in fiscal 1991 for the pay plan increase. Operating expense reductions were primarily due to the elimination of allowances for contract training.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HIGHWAYS

PROGRAM: CONSTRUCTION PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	630.60	638.99	638.99	0.00	638.99	638.99	0.00	8.39
Personal Services	$ 16,452,499	$ 17,232,625	$ 18,115,269	$ 882,644	$ 17,281,865	$ 18,768,234	$1,486,369	10.11
Operating Expenses	127,666,313	149,973,655	152,773,017	2,799,362	120,663,763	120,662,149	(1,614)	19.67
Equipment	231,130	217,941	217,941	0	218,431	218,431	0	(5.71)
Non-Operating	0	3,069	3,069	0	3,069	3,069	0	0.00
TOTAL EXPENSES	$144,349,942	$167,427,290	$171,109,296	$3,682,006	$138,167,128	$139,651,883	$1,484,755	18.54
FUNDING								
State Special Rev	$ 46,739,129	$ 63,697,989	$ 67,106,588	$3,408,599	$ 55,325,023	$ 56,252,645	$ 927,622	43.58
Federal Revenue	96,711,028	103,729,301	104,002,708	273,407	82,842,105	83,399,238	557,133	7.54
Other Revenue	899,785	0	0	0	0	0	0	(100.00)
TOTAL FUNDING	$144,349,942	$167,427,290	$171,109,296	$3,682,006	$138,167,128	$139,651,883	$1,484,755	18.54

Program Description: The Construction Program is responsible for administering construction contracts and assuring that roads and bridges are constructed or reconstructed to meet the needs of Montana's citizens. The reconstruction and construction work is done by private contractors on a bid basis. Personnel in the Construction Program are responsible for monitoring the work of construction contractors to ensure it meets contract specifications. Construction Program personnel are located in the 5 districts statewide and in the department's headquarters in Helena.

Budget: The Construction Program budget increases 18.5 percent from fiscal 1988 to 1990, and is due to an increase in contractor payments for scheduled highway construction projects in the 1991 biennium as compared to fiscal 1988.

Personal services increase 10.1 percent due to an increase in FTE of 10.40 in fiscal 1989 as approved by the 1987 legislature, an actual vacancy savings rate of 8 percent in fiscal 1988 as compared to no budgeted vacancy savings in the 1991 biennium, and the pay plan increase. These increases are partially offset by a reduction of 2.01 FTE that had been vacant for over one year, and step reductions in positions from a high rate of turnover. Authorized FTE by the 1987 legislature for this program was 600.60 in fiscal 1988 and 611.00 in fiscal 1989, but with the elimination of the Internal Services Program in the 1991 biennium, 30.00 FTE will be transferred to the Construction Program. For comparative purposes, these additional FTE and related costs are included in the fiscal 1988 totals for this program.

Operating expenses increase 19.7 percent, due entirely to an increase in construction projects in the 1991 biennium, reflecting increased funds in the Reconstruction Trust Fund (RTF) program for emphasis on reconstruction and repair of the state's primary system. Contractor payments for planned construction projects are $149 million in fiscal 1990 and $116 million in fiscal 1991, providing for an increase of $25.9 million in fiscal 1990 and a decrease of $7.6 million in fiscal 1991 from fiscal 1988 levels. All other operating expenses are carried forward in total at fiscal 1988 base levels, with minor adjustments for decreases in lab testing costs and for reductions due to the elimination of the Internal Services Program, offset by increases in equipment rental, in-state travel, and other operating expenses for increased construction level workloads.

Equipment included in current level is for computers (including Computer-Aided Design and Drafting System upgrades), office equipment, and small construction equipment. The amount allowed is as the agency requested, and reflects the average expenditure for equipment in this program for the last three fiscal years.

Non-operating costs in the 1991 biennium are debt service for a leased telephone system, which were accounted for in operating expenses in fiscal 1988.

Funding: State special revenue includes $20,915,601 in fiscal 1990 from bond proceeds, highways special revenue of $9,020,988 in fiscal 1990 and $24,842,226 in fiscal 1991, highway reconstruction trust funds of $34,369,999 in fiscal 1990 and $31,410,419 in fiscal 1991, and $2.8 million in fiscal 1990 from the local impact fund for construction of the Decker-Busby highway. Revenue bond issue restrictions required expenditure of bond proceeds first, and they will be expended in fiscal 1990 and replaced by expenditures from the highways special revenue account. Federal funds are from the Highway Surface Transportation Act, Proprietary funds in fiscal 1988 represent the amount transferred to this program for the Materials Bureau function when the Internal Services Program was eliminated. The proprietary funds are replaced by highways special revenue funds in the 1991 biennium.

Other Legislation:

House Bill 709 - Montana Highway 314 appropriated $2.8 million coal board funds from the local impact state special revenue account to the Department of Highways to be used to match funds provided by Big Horn County to complete construction of 14 miles of Montana Highway 314 between Decker and Busby.

Difference From Executive: The legislature increased personal services approximately $325,000 per year due to the elimination of vacancy savings and $557,974 in fiscal 1990 plus $1,160,694 in fiscal 1991 due to the pay plan increase. Operating expenses increased $2.8 million in fiscal 1990 for construction of Highway 314 as appropriated in House Bill 709, discussed above.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HIGHWAYS — PROGRAM: MAINTENANCE PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	642.18	661.48	654.88	(6.60)	661.48	654.88	(6.60)	12.70
Personal Services	$18,519,385	$19,374,329	$20,154,642	$ 780,313	$19,402,109	$20,787,698	$1,385,589	8.83
Operating Expenses	22,359,671	24,387,863	24,703,483	315,620	25,035,055	25,257,928	222,873	10.48
Equipment	99,438	209,720	209,720	0	187,214	187,214	0	110.91
Non-Operating	16,430	71,490	71,490	0	71,490	71,490	0	335.12
TOTAL EXPENSES	$40,994,924	$44,043,402	$45,139,335	$1,095,933	$44,695,868	$46,304,330	$1,608,462	10.11
FUNDING								
State Special Rev	$40,994,924	$44,043,402	$45,139,335	$1,095,933	$44,695,868	$46,304,330	$1,608,462	10.11

Program Description: The Maintenance Program is responsible for preserving and maintaining the state highway system and its related facilities. Major maintenance activities include the patching, repair, and periodic sealing of highway surfaces, snow removal, and sanding.

Legislative Intent: Language is included in House Bill 100 providing an additional appropriation of $150,000 per year (highways special revenue) to the Maintenance Program, contingent upon passage of House Bill 774. House Bill 774 passed the legislature, and requires the Department of Highways to assist in maintenance of Secondary Highway 223 between Fort Benton and Chester as of July 1, 1989, in accordance with a maintenance obligation assumed several years ago.

Budget: The budget provides for a 10.1 percent increase from fiscal 1988 to fiscal 1990, primarily due to the elimination of vacancy savings as a budget item, the pay plan increase, an increase in equipment rental rates charged by the Equipment Program, and program expansions for rest area maintenance and underground tank replacement, discussed below.

Personal services increase 8.8 percent due to an actual vacancy savings rate of 6.2 percent in fiscal 1988 as compared to no vacancy savings budgeted in the 1991 biennium, the pay plan increase, and the addition of a net 12.70 FTE to this program. FTE increases in fiscal 1990 include the transfer of 10.00 FTE from the Communications Center into this program from the General Operations Program, a net transfer of 0.50 FTE from the Equipment Program into this program, and the addition of 3.00 FTE for maintenance in the Great Falls District that was previously done by contract with the City of Great Falls. Contract services were reduced by the amount of the increase in personal services for the added FTE. A decrease in FTE in fiscal 1990 resulted from the elimination of a 0.80 FTE position that had been vacant

for over a year. Authorized FTE in fiscal 1988 were reduced by the transfer of a 0.15 mechanic position to the Equipment Program.

Operating expenses increase 10.5 percent due primarily to: 1) increases of $365,360 in fiscal 1990 for the underground tank replacement and rest area maintenance program expansions discussed below; 2) $62,550 in fiscal 1990 for additional contract weed spraying of roadways by counties; 3) $150,000 per year for maintenance of Highway 223; and 4) $1.7 million in fiscal 1990 ($2.2 million in fiscal 1991) for equipment rental rates. Heavy duty maintenance equipment is rented from the Equipment Program and beginning in fiscal 1990 rental rates will include equipment replacement costs. Rental costs also increase due to higher fleet values and a carry-forward gain that resulted in lower rates in the base year. Equipment rental costs, including gasoline, are approximately $10 million per year and represent nearly 25 percent of the maintenance budget.

Equipment included in the budget is $85,000 per year for communications equipment, and the remainder for miscellaneous office equipment and field maintenance equipment. The amount allowed is as the agency requested, and reflects the average expenditure for equipment in this program for the last three fiscal years.

Non-operating expenses are for purchases of land for gravel production and storage sites.

Program Expansions:

1. Rest Area Maintenance - A modified request was approved to add $119,660 per year for rest area maintenance. The custodial services have been done on a contract basis, but the contracts were brought into question as possibly circumventing state labor laws. The increase will enable the department to award the contracts on a Request for Proposal (RFP) basis, which will cost more than low-bid contracts, but will cost less than utilizing agency personnel.

2. Underground Tank Replacement - An increase of $245,700 in fiscal 1990 and $202,860 in fiscal 1991 was approved for underground fuel tank replacement in order to comply with Environmental Protection Agency (EPA) regulations for underground storage systems and ground water safety. The agency has over 350 underground fuel tanks statewide, and the funds will enable replacement of 148 tanks for the Department of Highways and removal of approximately 30 underground tanks for the Montana Highway Patrol, which is funded by the same source. This is a one-time expense, and should bring the agencies in compliance with EPA requirements for 25 years.

Funding: The Maintenance Program is funded entirely by highways state special revenue funds.

Difference From Executive: Increases over the executive budget include: 1) approximately $368,000 per year due to the elimination of vacancy savings; 2) $557,894 in fiscal 1990 and $1,162,679 in fiscal 1991 for the pay plan increase; 3) $150,000 per year for maintenance of Highway 223; and 4) an increase of $148,750 in fiscal 1990 and $55,860 over the original executive budget for tank replacement costs discussed above. Reductions of $126,000 per year below the executive request were taken for rest area maintenance. FTE decreases are due primarily to replacement of an executive recommendation for added state employees to do rest area maintenance with contract maintenance.

AGENCY: DEPARTMENT OF HIGHWAYS

LEGISLATIVE ACTION

PROGRAM: PRE-CONSTRUCTION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	232.00	231.00	234.00	3.00	231.00	234.00	3.00	2.00
Personal Services	$ 6,491,910	$ 7,018,184	$ 7,287,405	$269,221	$ 7,036,782	$ 7,538,694	$501,912	12.25
Operating Expenses	4,237,104	3,037,889	3,038,033	144	3,138,277	3,138,422	145	(28.30)
Equipment	351,031	189,998	189,998	0	176,203	176,203	0	(45.87)
Non-Operating	2,343,965	4,451,390	4,451,390	0	7,105,100	7,105,100	0	89.91
TOTAL EXPENSES	$13,424,010	$14,697,461	$14,966,826	$269,365	$17,456,362	$17,958,419	$502,057	11.49
FUNDING								
State Special Rev	$ 4,108,356	$ 5,138,414	$ 5,263,516	$125,102	$ 6,058,287	$ 6,260,433	$202,146	28.12
Federal Revenue	9,315,654	9,559,047	9,703,310	144,263	11,398,075	11,697,986	299,911	4.16
TOTAL FUNDING	$13,424,010	$14,697,461	$14,966,826	$269,365	$17,456,362	$17,958,419	$502,057	11.49

Program Description: The Preconstruction Program is responsible for construction project planning and development from the time it is included in the long-range work plan through the several steps necessary prior to actual letting of the contract, including project design, public hearings, right-of-way acquisitions, and the contract bid and letting process.

Legislative Intent: The appropriations for consulting services and right-of-way purchases are significantly increased as a one-time expense to reduce a backlog in construction project processing. Both appropriations are limited by language in House Bill 100 for this specific purpose.

Budget: The Preconstruction Program budget increases 11.5 percent from fiscal 1988 to 1990, and is attributable to an increase in personal services and non-operating costs for the purchase of highway right-of-way. The increases are partially offset by reductions in operating costs, as explained below.

Personal services increase 12.3 percent due to: 1) an actual vacancy savings rate of 7.3 percent in fiscal 1988 as compared to no vacancy savings budgeted in the 1991 biennium; 2) a one-time increase from $55,000 to $200,000 per year in overtime costs to reduce a backlog in design engineering; 3) the pay plan increase; and 4) the net addition of 2.00 FTE. One FTE was eliminated at a savings of $28,000 per year as it had been vacant for over one year, but three positions were added in the Photogrammetry Unit at a cost of $68,000 per year to expand aerial surveys. The increased

use of aerial surveys is expected to lead to a net reduction in survey costs in the 1993 biennium as ground survey crews can be reduced by 30.00 FTE.

Operating expenses decrease 28.3 percent due to a reduction of $460,000 per year for the elimination of user fees formerly paid to the Internal Services Program, and a reduction of $750,000 each year below fiscal 1988 expenditures for consultant and professional services. Although there is a reduction below fiscal 1988 levels for these services, the amount appropriated represents an increase of $1.6 million per year over fiscal 1988 appropriated levels. The agency was appropriated $800,000 per year in the 1989 biennium for these services, but expended $3,154,000 in fiscal 1988 to contract several design projects to commercial engineering firms due to a backlog. The overexpenditure of operating expenses was funded by a transfer of $2.25 million from non-operating costs. The non-operating costs were appropriated for the purchase of land for right-of-way, but since design was behind schedule, right-of-way purchases were not being completed. The $1.6 million increase over the base year appropriation is a one-time increase to eliminate a backlog that the agency states it can eliminate in the 1991 biennium. The contract services appropriation is limited by language to this specific purpose in the general appropriations bill.

Equipment allowances in current level include $154,000 in fiscal 1990 and $124,000 in fiscal 1991 for Computer-Aided Design and Drafting (CADD) System upgrades and new equipment, with the remainder for other microcomputer equipment and furniture and office equipment.

Non-operating costs are for land purchases to secure right-of-way for projects scheduled to be let to contract. Expenditures for right-of-way were below normal in fiscal 1988 due to the backlog in design, and $2.5 million was transferred from right-of-way purchases to contract design services. Fiscal 1990 funding levels for right-of-way purchases represent more normal levels, and fiscal 1991 funding is $1.2 million over normal levels to eliminate the backlog created by underexpenditure in fiscal 1988. The $1.2 million increase is considered a one-time increase to eliminate a backlog. The entire appropriation for right-of-way purchases is limited by language for that specific purpose in the general appropriations bill.

Funding: State special revenue funds include just over $250,000 per year from the reconstruction trust fund for preconstruction projects for the RTF primary system improvement program. The balance of state special revenue is from the highways special revenue account. Federal funds are from the highway trust fund, provided by Federal Highway Surface Transportation Act funds.

Difference From Executive: Adjustments to the executive budget included approximately $136,000 per year due to the elimination of vacancy savings, $215,317 in fiscal 1990 and $447,628 in fiscal 1991 for the pay plan increase, $68,000 per year for 3.00 additional FTE in the Photogrammetry Unit, and a reduction of $150,000 per year in overtime costs.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HIGHWAYS

PROGRAM: INTERNAL SERVICES

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	0.00
FUNDING								
Proprietary	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	0.00

Program Description: The Internal Services Program provides services to other programs of the Department of Highways, including printing, photography, data processing, the van pool, and aircraft services.

Budget: The Internal Services Program exists through the 1989 biennium, but the program is eliminated in the 1991 biennium at the request of the agency and services are transferred to three other programs. Costs for fiscal 1988 are shown in the programs to which they are transferred in the 1991 biennium for comparative purposes. The action was supported by the Accounting Division of the Department of Administration for proper accounting procedures, as it eliminates excess authority and double accounting of funds. The fiscal 1989 appropriation was transferred to other programs as follows: 1) printing, photography, and data processing services to General Operations, totaling $1,857,408 and 36.75 FTE; 2) the Materials Bureau to the Construction Program, totaling $909,646 and 30.00 FTE; and 3) the aircraft unit and van pool to the Equipment Program, totaling $115,661 and 1.00 FTE.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HIGHWAYS — PROGRAM: STATE MOTOR POOL

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	5.00	5.00	5.00	0.00	5.00	5.00	0.00	0.00
Personal Services	$118,945	$ 122,096	$ 128,750	$6,654	$ 122,250	$ 133,433	$11,183	8.24
Operating Expenses	229,598	243,257	243,492	235	243,500	243,733	233	6.05
Equipment	408,376	670,000	670,000	0	650,000	650,000	0	64.06
TOTAL EXPENSES	$756,919	$1,035,353	$1,042,242	$6,889	$1,015,750	$1,027,166	$11,416	37.70
FUNDING								
Proprietary	$756,919	$1,035,353	$1,042,242	$6,889	$1,015,750	$1,027,166	$11,416	37.70

Program Description: The State Motor Pool Program operates and maintains a fleet of rental vehicles available to all state offices and employees in the Helena area.

Budget: The budget provides for a 37.7 percent increase from fiscal 1988 to 1990 due primarily to inflation factors applied by the Office of Budget and Program Planning and to increased funding levels for vehicle purchases. Personal services increase due to an actual vacancy savings rate of 6.3 percent in fiscal 1988 compared to no vacancy savings budgeted in the 1991 biennium, and the pay plan increase. A 1.00 FTE mechanic position was transferred from this program to the Equipment Program in fiscal 1988. Operating expenses increase due to inflation factors applied by the Office of Budget and Program Planning, primarily for gasoline costs. Other minor increases and decreases in operating expenses were offsetting.

Equipment is for the purchase of replacement vehicles for the fleet, and is budgeted to replace 68 units in fiscal 1990 and 61 units in fiscal 1991 of the current 158 vehicle fleet. Due to increased demand, the agency has proposed to increase the fleet to 180 units in fiscal 1989 using funds borrowed from the highways special revenue account, to be reimbursed over a four-year period, with fees adjusted accordingly.

Funding: Funding is from the motor pool proprietary account. Revenues in this account come from vehicle rentals.

Difference From Executive: The legislative adjustments to the executive budget were to add $2,500 per year due to the elimination of vacancy savings, and $4,179 in fiscal 1990 plus $8,704 in fiscal 19991 for the pay plan increase.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HIGHWAYS — PROGRAM: EQUIPMENT PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	122.00	121.00	121.00	0.00	121.00	121.00	0.00	(1.00)
Personal Services	$ 3,451,366	$ 3,456,852	$ 3,628,825	$ 171,973	$ 3,463,302	$ 3,747,087	$ 283,785	5.14
Operating Expenses	3,963,738	4,704,396	4,435,916	(268,480)	4,708,182	4,463,817	(244,365)	11.91
Equipment	5,542,342	4,905,659	4,905,659	0	4,905,659	4,905,659	0	(11.49)
Non-Operating	1,930,659	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$14,888,105	$13,066,907	$12,970,400	$ (96,507)	$13,077,143	$13,116,563	$ 39,420	(12.88)
FUNDING								
State Special Rev	$ 1,930,659	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	(100.00)
Proprietary	12,957,446	13,066,907	12,970,400	(96,507)	13,077,143	13,116,563	39,420	0.10
TOTAL FUNDING	$14,888,105	$13,066,907	$12,970,400	$ (96,507)	$13,077,143	$13,116,563	$ 39,420	(12.88)

Program Description: The Equipment Program is responsible for the purchase, distribution, and maintenance of all highway construction equipment and vehicles. The equipment is rented to the other programs within the Department of Highways.

Budget: The budget provides for a 12.9 percent decrease from fiscal 1988 to 1990. The primary reason for the decrease is the elimination of a transfer of funds from the highways special revenue account (non-operating cost) to pay for replacement cost of equipment.

Personal services increase 5.1 percent due to an actual vacancy savings rate of 4.2 percent in fiscal 1988 as compared to no vacancy savings budgeted in the 1991 biennium, and the pay plan increase. This increase is partially offset by the transfer of a net 0.50 FTE to the Maintenance Division and the elimination of an additional 0.50 FTE position that was vacant for over a year. The 1987 legislature funded 119.85 FTE in the 1989 biennium, and 1.00 FTE was added with the transfer of the aircraft and van pool units from the Internal Services Program. In addition, a 0.15 FTE mechanic position was transferred from the Maintenance Program and a 1.00 FTE mechanic position was transferred from the State Motor Pool Program in fiscal 1988.

Operating expenses increase 11.9 percent in the 1991 biennium due primarily to: 1) an increase of $100,000 (including inflation) per year in diesel fuel; 2) a $227,500 increase in gasoline costs due to a mild winter in the fiscal 1988 base year; 3) an increase of $132,000 per year for equipment repair parts; and 4) an increase of $61,000 per year for cutting edges.

Non-operating costs in the 1989 biennium were for the transfer of funds from the highways special revenue account to approximate the replacement cost of vehicles not funded by the federal highway program. Replacement cost for equipment was not factored into the equipment rental fee charged by the program. The 1991 biennium budget includes replacement cost in the rental fee, eliminating the need for a fund transfer.

Funding: As discussed above, state special revenue funds in fiscal 1988 were to fund replacement cost of equipment. The 1991 biennium budget funds the Equipment Program entirely from the highway equipment proprietary account, resulting in increased rental rates for users of equipment (Construction and Maintenance Programs); however, interfund transfers decrease by a like amount, resulting in no change in the department's total appropriation.

Difference From Executive: The legislative adjustments to the executive budget were to add $69,000 per year due to the elimination of vacancy savings, $102,979 in fiscal 1990 and $214,672 in fiscal 1991 for the pay plan increase, and reductions of $268,700 in fiscal 1990 and $244,600 in fiscal 1991 for diesel fuel costs.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HIGHWAYS — PROGRAM: INTERFUND TRANSFERS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-Operating	$10,286,872	$29,094,796	$28,125,747	$(969,049)	$26,821,012	$25,655,637	$(1,165,375)	173.41
FUNDING								
State Special Rev	$10,286,872	$28,931,143	$27,962,094	$(969,049)	$26,821,012	$25,655,637	$(1,165,375)	171.82
Proprietary	0	163,653	163,653	0	0	0	0	0.00
TOTAL FUNDING	$10,286,872	$29,094,796	$28,125,747	$(969,049)	$26,821,012	$25,655,637	$(1,165,375)	173.41

Program Description: The Interfund Transfers Program (formerly called Capital Outlay) constitutes the sinking fund for the retirement of bonds. It is also used to provide appropriation authority for transfers of funds between accounting entities.

Budget: The budget includes transfer authority in fiscal 1990 to transfer $27,962,094 in revenue bond proceeds from the bond account to the reconstruction trust fund for primary system improvements. Also included in fiscal 1990 is $163,653 for the transfer of the remaining balance in the Highway Department internal service proprietary account to the state special revenue fund due to the elimination of the Internal Services Program. The transfer of $25,655,637 in fiscal 1991 is from the highways special revenue account to the reconstruction trust fund. Bond proceeds are depleted in fiscal 1990 and future transfers to the reconstruction trust fund will come from the highways special revenue account. Funds transferred in fiscal 1988 were to the reconstruction trust fund.

Debt service payments from this program on revenue and building bonds will be $10,644,083 in fiscal 1990 and $10,647,833 in fiscal 1991. These payments are not included in current level because they are statutorily appropriated in Section 17-7-502 (4), MCA.

Difference From Executive: Legislative adjustments to the executive budget included a reduction of $277,000 in fiscal 1990 and $480,000 in fiscal 1991 for fund transfer authority from the reconstruction trust fund, due to higher coal tax revenue estimates than the executive budget. Additional reductions of approximately $690,000 per year were taken to eliminate building bond payments, which are statutory appropriations.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HIGHWAYS — PROGRAM: STORES INVENTORY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	$12,244,376	$12,920,457	$12,651,128	$(269,329)	$12,989,537	$12,744,300	$(245,237)	3.32
FUNDING								
State Special Rev	$12,244,376	$12,920,457	$12,651,128	$(269,329)	$12,989,537	$12,744,300	$(245,237)	3.32

Program Description: The Stores Inventory Program is used to purchase and store materials including office and construction supplies as well as bulk items such as sand, road oil, and gasoline used by other highway department programs. Store operations are maintained in Helena and in each of the field districts. The Helena stores facility services the department headquarters and shop facility and also acts as the central receiving and distribution center for all quantity stores purchases.

Budget: Operating expenses increase 3.3 percent from fiscal 1988 to 1990. Increases over fiscal 1988 levels are due primarily to increases for gasoline of $370,000 per year and for diesel fuel of $55,000 per year, including inflation. These increases are budgeted to be sufficient to provide the amounts of fuel required in the budgets for other programs.

Funding: The Stores Inventory Program is funded from the highways special revenue account.

Difference From Executive: The only adjustment to the executive budget was to eliminate a requested 47 percent increase in diesel fuel costs.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HIGHWAYS — PROGRAM: G.V.W.

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	110.03	108.03	111.03	3.00	108.03	111.03	3.00	1.00
Personal Services	$2,521,042	$2,555,780	$2,917,885	$362,105	$2,562,348	$3,026,007	$463,659	15.74
Operating Expenses	717,988	620,428	623,025	2,597	634,532	637,126	2,594	(13.23)
Equipment	53,504	19,000	19,000	0	19,500	19,500	0	(64.49)
Non-Operating	99,990	120,000	120,000	0	120,000	120,000	0	20.01
TOTAL EXPENSES	$3,392,524	$3,315,208	$3,679,910	$364,702	$3,336,380	$3,802,633	$466,253	8.47
FUNDING								
State Special Rev	$3,392,524	$3,315,208	$3,679,910	$364,702	$3,336,380	$3,802,633	$466,253	8.47

Program Description: The Gross Vehicle Weight (GVW) Division is responsible for enforcement of the statutes and regulations relating to vehicle weights on the state's highways (Title 61, MCA) and collects gross vehicle weight fees. It consists of two bureaus. The Licensing and Collection Bureau registers interstate fleet vehicles, issues GVW fee licenses, issues oversize and overweight permits, and collects fees and taxes. The Enforcement Bureau operates weigh stations across the state and assigns enforcement officers to inspect vehicles for compliance with registration, fuel, size, and weight laws.

Budget: The budget provides for an 8.5 percent increase from fiscal 1988 to 1990 due to increases in personal services. Personal services increase 15.7 percent due to: 1) an actual vacancy savings rate of 5.8 percent in fiscal 1988 compared to no vacancy savings budgeted in the 1991 biennium; 2) the upgrade of 90 GVW enforcement officers by one grade as a result of a classification review, at a cost of $152,100 per year; 3) the pay plan increase; and 4) the addition of a 1.00 FTE GVW enforcement officer at a cost of $22,600 per year. Operating expenses decrease over $143,000 per year below fiscal 1988 levels due to the elimination of the Internal Services Program and the need for expenditures for internal services. Partially offsetting increases occurred for equipment rental rate increases charged by the Equipment Bureau and for increased electricity costs due to the opening of the new Haugen weigh station in fiscal 1989. Equipment included in the budget is for radios, radar guns, and office equipment.

Non-operating costs are for the retrofit of GVW stations. This project began in the 1989 biennium and is scheduled to be completed in the 1991 biennium.

Funding: The GVW Program is funded entirely from the highways state special revenue account.

Difference From Executive: Adjustments to the executive budget included the following increases: 1) $51,000 per year due to the elimination of vacancy savings; 2) $94,095 in fiscal 1990 and $195,423 in fiscal 1991 for the pay plan increase; 3) $152,100 per year for the upgrade of 90 GVW enforcement officer positions due to a classification review; and 4) $65,000 per year for 3.0 additional GVW enforcement officers over the original executive request.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF MILITARY AFFAIRS

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	96.50	99.50	97.75	(1.75)	99.50	97.75	(1.75)	1.25
Personal Services	$2,196,069	$2,426,891	$2,512,305	$ 85,414	$2,426,790	$2,603,156	$ 176,366	14.40
Operating Expenses	1,986,307	2,292,516	2,317,872	25,356	2,313,193	2,308,602	(4,591)	16.69
Equipment	18,415	2,400	11,050	8,650	0	0	0	(39.99)
Non-Operating	558,491	602,505	2,002,280	1,399,775	602,505	2,002,280	1,399,775	258.52
TOTAL EXPENSES	$4,759,282	$5,324,312	$6,843,507	$1,519,195	$5,342,488	$6,914,038	$1,571,550	43.79
FUNDING								
General Fund	$1,773,550	$1,945,601	$1,986,873	$ 41,272	$1,950,939	$2,023,966	$ 73,027	12.03
State Special Rev	0	12,000	12,000	0	12,000	12,000	0	0.00
Federal Revenue	2,985,732	3,366,711	4,814,634	1,447,923	3,379,549	4,878,072	1,498,523	61.25
Capital Projects Fund	0	0	30,000	30,000	0	0	0	0.00
TOTAL FUNDING	$4,759,282	$5,324,312	$6,843,507	$1,519,195	$5,342,488	$6,914,038	$1,571,550	43.79

Agency Description: The Department of Military Affairs oversees all activities of the Army and Air National Guard, the Veteran's Affairs Division, and the Disaster and Emergency Services Division.

Legislative Intent: Language was added restricting the amount of general fund which may be requested by the agency in the 1991 biennium for personal services in the Army National Guard Program. Language was also added to the Disaster Coordination and Response Program limiting a $60,000 annual appropriation to be expended for Hazardous Materials Training only if federal funds are received for that purpose. Finally, language was added to the Air Guard Program allowing the addition of 2.00 FTE firefighters if the current contracts for firefighting services become unnecessary. The language is detailed in each program narrative.

Budget: The overall budget for the Department of Military Affairs increases 43.8 percent from fiscal 1988 to fiscal 1990 due primarily to no vacancy savings being applied in the 1991 biennium, the authorized pay increase, program expansions authorized by the legislature, utility inflationary increases, and increased disaster reimbursement authority in fiscal 1990 from the fiscal 1988 actual expenditure level.

The department experienced an overall 7.1 percent vacancy savings rate in fiscal 1988 while no vacancy savings is applied in the 1991 biennium.

The legislature deleted 2.00 FTE firefighter positions for an annual savings of approximately $62,100. These positions were deleted because the services are currently being obtained through a contract with the Great Falls Airport Authority. The funding for these services is budgeted as an operating expense.

The program expansions, which add 3.75 FTE, approximately $74,100 personal services, and $274,000 operating costs each year, are discussed in the next section. Utilities compose approximately 40 percent of the operating expenses for this department. Therefore, the inflationary increase allowed for utilities has a significant impact on the department's budget. In fiscal 1990, approximately $99,000 is added for utilities inflation over the fiscal 1988 expenditures. In fiscal 1991, approximately $137,000 is added. Base reductions for overaccrued expenditures and reduced insurance costs remove approximately $117,500 in fiscal 1990 and $114,400 in fiscal 1991. Finally, increases allowed for legislative audit costs and restoring grave digging expenses to the fiscal 1988 appropriated level add $48,955 in fiscal 1990 and $28,824 in fiscal 1991.

Non-operating costs are pass-through funds for local civil defense reimbursements made to local entities in the event of an emergency. Each year includes $2,000,000 for this purpose. In addition, $2,280 is included annually for payments to a guardsman injured in a prison riot in 1959.

Program Expansions: The legislature authorized six program expansions for the 1991 biennium. These are listed below by program and funding source for each year of the 1991 biennium. A total of 3.75 FTE were added each year of the biennium, at a total cost of $694,907 which includes $336,158 general fund and $358,749 of other funds (primarily federal funds).

Table 1
Department of Military Affairs - 1991 Biennium Program Expansions

			Fiscal 1990				Fiscal 1991		
#	Program	Expansion Name	FTE	General Fund	Other Funds	Total Funds	FTE	General Fund	Other Funds	Total Funds
1	Administration	Clerical Support	0.50	$ 8,480	$ -0-	$ 8,480	0.50	$ 8,480	$ -0-	$ 8,480
2	Army Guard	Guard Reorganization	0.50	138,880	-0-	138,880	0.50	138,883	-0-	138,883
3	Air Guard	Maintenance/Gt. Falls	1.00	20,722	82,887	103,609	1.00	20,713	82,852	103,565
4	Air Guard	Design Engineer	1.00	-0-	21,609	21,609	1.00	-0-	21,565	21,565
5	Disaster Coord.	Hazardous Mat. Training	0.00	-0-	60,000	60,000	0.00	-0-	60,000	60,000
6	Veterans' Affairs	Cemetery Sexton	0.75	-0-	15,916	15,916	0.75	-0-	13,920	13,920
		Total Expansions	3.75	$168,082	$180,412	$348,494	3.75	$168,076	$178,337	$346,413

Funding: General fund supports all or a portion of all programs of the department with the exception of Emergency Management Development and Local Civil Defense Reimbursement, which are entirely federally funded. A detailed discussion of the funding of each program is contained in the narrative that follows.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF MILITARY AFFAIRS

PROGRAM: ADMINISTRATION PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	4.00	4.50	4.50	0.00	4.50	4.50	0.00	0.50
Personal Services	$116,955	$135,117	$146,756	$11,639	$135,530	$152,066	$16,536	25.48
Operating Expenses	56,419	68,656	63,565	(5,091)	65,610	60,326	(5,284)	12.67
TOTAL EXPENSES	$173,374	$203,773	$210,321	$ 6,548	$201,140	$212,392	$11,252	21.31
FUNDING								
General Fund	$163,272	$203,773	$210,321	$ 6,548	$201,140	$212,392	$11,252	28.82
Federal Revenue	10,102	0	0	0	0	0	0	(100.00)
TOTAL FUNDING	$173,374	$203,773	$210,321	$ 6,548	$201,140	$212,392	$11,252	21.31

Program Description: The Administration Program provides management and supervisory support to the Department of Military Affairs.

Budget: The Administration Program budget increases 21.3 percent from fiscal 1988 to fiscal 1990 as a result of adding a 0.50 FTE administrative aide as a budget modification and other personnel and operating expense increases. Personal services increase 25.5 percent due to four factors: 1) turnover increased personal services approximately $4,400 annually; 2) actual vacancy savings in fiscal 1988 was 9.9 percent while no vacancy savings is applied in the 1991 biennium; 3) the program expansion adds $8,480 annually to the personal services budget; and 4) the authorized pay plan increase.

Operating costs increase 12.7 percent due to the expenditure of $156 of audit costs in fiscal 1988 while $5,188 is budgeted in this program for the 1991 biennium. Utility inflation adds approximately $5,200 to this increase. These increases are offset $3,474 as over-accrued expenditures recorded at fiscal year end 1988 are removed from the 1991 biennium operating base.

Program Expansion:

1. Clerical Support - The legislature authorized the addition of a 0.50 FTE administrative aide at an annual general fund cost of $8,480.

Funding: General fund provides the entire support of this program in the 1991 biennium. In the 1989 biennium, federal funds supported one-half of a 1.00 FTE accounting technician. As proposed by the agency, the legislature replaced the federal funds with general fund in the 1991 biennium. A like amount of general fund was **removed** from the Army National Guard Program (see following budget narrative).

Difference From Executive: Legislative adjustments to the executive budget include: 1) a $2,758 increase in fiscal 1990 and a $2,766 increase in fiscal 1991 due to the elimination of vacancy savings; 2) an approximate $4,400 annual increase due to higher personal services caused by a position turnover; 3) a $4,520 increase in fiscal 1990 and a $9,364 increase in fiscal 1991 for the pay plan; and 4) an approximate $4,900 decrease in fiscal 1990 and a $5,200 decrease in fiscal 1991 due to overaccrued expenditures noted in the budget section, and to lower utilities allowed.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF MILITARY AFFAIRS

PROGRAM: ARMY NATIONAL GUARD PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	16.25	16.50	16.50	0.00	16.50	16.50	0.00	0.25
Personal Services	$ 322,769	$ 354,694	$ 374,547	$ 19,853	$ 354,563	$ 389,281	$ 34,718	16.04
Operating Expenses	1,325,247	1,403,824	1,390,520	(13,304)	1,427,853	1,414,450	(13,403)	4.93
Equipment	12,847	2,400	2,400	0	0	0	0	(81.32)
Non-Operating	2,505	2,505	2,280	(225)	2,505	2,280	(225)	(8.98)
TOTAL EXPENSES	$1,663,368	$1,763,423	$1,769,747	$ 6,324	$1,784,921	$1,806,011	$ 21,090	6.40
FUNDING								
General Fund	$ 829,578	$ 944,951	$ 944,074	$ (877)	$ 958,563	$ 962,965	$ 4,402	13.80
Federal Revenue	833,790	818,472	825,673	7,201	826,358	843,046	16,688	(0.97)
TOTAL FUNDING	$1,663,368	$1,763,423	$1,769,747	$ 6,324	$1,784,921	$1,806,011	$ 21,090	6.40

Program Description: The Army National Guard provides trained and equipped military organizations for the Governor in the event of a state emergency and for the President in the event of a national emergency. The state's responsibilities include coordination and maintenance of all National Guard facilities.

Legislative Intent: The budget includes $186,066 and $185,640 general fund in fiscal years 1990 and 1991 for personal services. The legislature included language that limits the agency's 1993 biennium current level personal services general fund request for this program to the above amounts.

Budget: Total expenditures increase 6.4 percent from fiscal 1988 to fiscal 1990 due to approving approximately $138,880 annually for additional personnel (0.50 FTE) and operating costs relating to the National Guard reorganization. The costs relating to the reorganization are discussed in the program expansion section. A 0.25 FTE transferred into this program from the Emergency Management Development Program in fiscal 1988 is returned to that program in the 1991 biennium.

Other adjustments include: 1) reducing fiscal 1988 utility expenses $43,191 because unnecessary accruals resulted in overstated expenditures; 2) insurance costs were decreased $69,535 in fiscal 1990 and $66,430 in fiscal 1991 from fiscal 1988 levels; 3) several base adjustments resulted in adding $4,437 annually; and 4) inflation adds approximately $55,000 in fiscal 1990 and $75,000 in fiscal 1991.

The equipment budget includes funding for computer modems.

Non-operating costs in the 1991 biennium consist of $2,280 each year in payments to a national guardsman injured in a prison riot in 1959.

Program Expansion:

1. Guard Reorganization - The legislature approved $138,880 in fiscal 1990 and $138,883 in fiscal 1991 for a 0.50 FTE clerical support position and annual operating costs, primarily communications, utilities, and maintenance costs expected to be incurred at guard armories around the state.

Funding: This program is funded with a combination of general fund and federal funds. General fund is used to support the state-owned Army National Guard armories. The recent Army National Guard reorganization caused an increase in operating costs borne by the state general fund as each armory will be expanding in size. As noted above, general fund is increased approximately $138,880 annually for this purpose.

General fund also pays a portion of operation and maintenance costs on federally owned facilities used by the Army National Guard. The state is reimbursed for certain expenses, including personal services, contract services, supplies and materials, utilities, and repair and maintenance associated with the maintenance of federal buildings on a 75/25 federal/state basis. The expenses incurred in support of the training facility at Ft. Harrison are reimbursed 100 percent by the federal government. In addition, the federal government makes a grant for communications expenses to the program.

Difference From Executive: The legislative appropriation exceeds the executive budget request due to several offsetting factors, including: 1) an approximate $7,240 annual increase due to eliminating vacancy savings; 2) a $13,871 increase in fiscal 1990 and a $28,740 increase in fiscal 1991 for the pay plan; 3) an annual $20,866 increase for higher repair and maintenance expense than requested; 4) an approximate $11,000 annual increase for higher operating expenses than originally requested; 5) a $45,445 decrease in fiscal 1990 and a $45,950 decrease in fiscal 1991 to reduce higher utilities expense from the overaccrual (noted in the budget section; and 6) an annual $1,060 decrease due to the legislature funding the position authorized in the program expansion at a lower cost than originally requested.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF MILITARY AFFAIRS

PROGRAM: AIR NATIONAL GUARD

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	37.00	39.00	37.00	(2.00)	39.00	37.00	(2.00)	0.00
Personal Services	$ 806,868	$ 959,258	$ 958,416	$ (842)	$ 957,597	$ 991,058	$33,461	18.78
Operating Expenses	430,760	532,949	549,068	16,119	548,871	564,990	16,119	27.46
TOTAL EXPENSES	$1,237,628	$1,492,207	$1,507,484	$15,277	$1,506,468	$1,556,048	$49,580	21.80
FUNDING								
General Fund	$ 119,182	$ 126,307	$ 130,634	$ 4,327	$ 129,473	$ 136,849	$ 7,376	9.61
Federal Revenue	1,118,446	1,365,900	1,376,850	10,950	1,376,995	1,419,199	42,204	23.10
TOTAL FUNDING	$1,237,628	$1,492,207	$1,507,484	$15,277	$1,506,468	$1,556,048	$49,580	21.80

Program Description: The Air National Guard provides trained and equipped military organizations for the Governor in the event of a state emergency and for the President in the event of a national emergency. This program is also responsible for facilities maintenance and fire protection support to the Air National Guard base at Gore Hill near Great Falls.

Legislative Intent: "Two firefighter FTE may be added if the current contract for firefighters becomes unnecessary."

Budget: The budget reflects a 21.8 percent overall increase from fiscal 1988 to fiscal 1990 due to increased personal services costs budgeted in the 1991 biennium and higher operating costs.

Personal services increase 18.8 percent from fiscal 1988 to fiscal 1990 because two budget modifications added approximately $43,200 annually to personal services expense. Another factor contributing to the overall personal services increase from fiscal 1988 to 1990 is the program experienced an actual 7.7 percent vacancy savings rate in fiscal 1988 while no vacancy savings is applied in the 1991 biennium budget. The authorized pay increase also contributes to the personal services increase.

Current level FTE decrease by 2.00 from fiscal 1988 to fiscal 1990. Two firefighters are technically employed by the Great Falls Airport Authority and the Department of Military Affairs contracts with the airport authority for their services. Therefore, current level FTE are reduced by 2.00. Boilerplate language was approved which allows the

department to add firefighter FTE if the current contract becomes unnecessary (i.e. personnel retirement). The program expansions authorized by the legislature add 2.00 FTE, so there is no net FTE increase or decrease from fiscal 1988 to fiscal 1990.

The 27.5 percent increase in operating costs from fiscal 1988 to fiscal 1990 is attributable primarily to utility inflation, approximately $41,500 in fiscal 1990 and $57,500 in fiscal 1991. The inflation increases are offset $6,255 annually due to the agency reducing base operating expenditures. In addition, the legislature approved a budget modification for increased maintenance costs totalling $82,000 annually.

Program Expansions:

1. Maintenance/Great Falls - The legislature approved $103,609 in fiscal 1990 and $103,565 in fiscal 1991 for the addition of 1.00 FTE maintenance worker and maintenance operating funds for the Air National Guard facility in Great Falls. This modified is funded 20 percent from state general fund and 80 percent from federal funds.

2. Design Engineer - The legislature approved $21,609 in fiscal 1990 and $21,565 in fiscal 1991 for a 1.00 FTE design engineer. This modified is funded 100 percent from federal funds.

Funding: The Air National Guard is funded with general fund and with federal funds. Federal funds entirely support the 29.00 FTE firefighters and provide 80 percent of the remaining funding of the program, with the exception of travel and other expenses, which are financed with general fund.

Difference From Executive: Legislative adjustments to the executive budget request include: 1) an annual approximate $19,100 increase due to eliminating vacancy savings; 2) an annual $18,994 increase for higher repair and maintenance costs than requested by the executive; 3) a $31,978 increase in fiscal 1990 and a $66,213 increase in fiscal 1991 for the pay plan; 4) an annual 2.00 FTE decrease and an approximate $52,300 annual decrease relating to the two firefighter positions noted in the budget section; and 5) an annual $2,875 reduction for miscellaneous lower operating costs.

AGENCY: DEPARTMENT OF MILITARY AFFAIRS

LEGISLATIVE ACTION

PROGRAM: DISASTER COORD & RESPONSE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	13.00	13.00	13.00	0.00	13.00	13.00	0.00	0.00
Personal Services	$360,519	$375,881	$395,349	$19,468	$376,134	$408,360	$32,226	9.66
Operating Expenses	70,868	137,449	140,627	3,178	129,938	133,120	3,182	98.44
Equipment	4,174	0	4,950	4,950	0	0	0	18.59
TOTAL EXPENSES	$435,561	$513,330	$540,926	$27,596	$506,072	$541,480	$35,408	24.19
FUNDING								
General Fund	$212,961	$220,493	$231,781	$11,288	$216,859	$232,058	$15,199	8.84
State Special Rev	0	12,000	12,000	0	12,000	12,000	0	0.00
Federal Revenue	222,600	280,837	297,145	16,308	277,213	297,422	20,209	33.49
TOTAL FUNDING	$435,561	$513,330	$540,926	$27,596	$506,072	$541,480	$35,408	24.19

Program Description: The Disaster Coordination and Response Program is responsible for the preparation, update, coordination, and testing of all state emergency preparedness, response, and recovery plans.

Legislative Intent: Pertaining to a line-itemed appropriation for Hazardous Materials Training: "Funds may be spent from (this appropriation) only if federal funds are received for this purpose."

Budget: Total expenditures increase 24.2 percent in fiscal 1990 from fiscal 1988 due to increases in all budget items. Personal services increase 9.7 percent in fiscal 1990 due to vacancy savings not being applied. The actual fiscal 1988 vacancy savings rate was 6.8 percent. The pay plan also increases the personal services budget.

Operating expenses increase 98.4 percent because the legislature approved a budget modification to enable the division to offer hazardous materials training (see program expansion section). Other expenditure increases include legislative audit fees, a $7,278 increase from fiscal 1988 expenditures, and travel costs which were increased approximately $3,100 annually. The travel increase is funded 100 percent from federal funds.

Program Expansion:

1. Hazardous Materials Training - The legislature approved the addition of $60,000 annually for operating expenses to offer hazardous materials training to emergency first responders and others. The funding of this expansion is 80 percent federal and 20 percent state. The state funds proposed are RIT interest funds from the Department of Health. Due to the uncertainty of receiving the federal grant, the legislature line-itemed this appropriation and inserted boilerplate language authorizing the expenditure of funds only if the federal grant is received.

Funding: This program is funded 50/50 with federal funds and general fund, with the exception of $16,840 in travel which is 100 percent financed by federal funds. The state special revenue funds are RIT interest supporting the program expansion just noted.

Difference From Executive: The legislative appropriation exceeds the executive budget request due to the following: 1) eliminating vacancy savings and authorizing a pay plan added $19,468 in fiscal 1990 and $32,226 in fiscal 1991; 2) authorizing equipment purchases and increased travel added $10,401 in fiscal 1990 and $5,451 in fiscal 1991; and 3) denying a request for increased rent expense reduced the request $2,375 annually.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF MILITARY AFFAIRS

PROGRAM: EMERGENCY MANAGEMENT DEVELOPMENT

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	8.25	8.50	8.00	(0.50)	8.50	8.00	(0.50)	(0.25)
Personal Services	$198,776	$215,208	$216,669	$1,461	$215,572	$224,382	$8,810	9.00
Operating Expenses	43,867	52,294	51,761	(533)	49,411	48,821	(590)	18.00
Equipment	989	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$243,632	$267,502	$268,430	$ 928	$264,983	$273,203	$8,220	10.18
FUNDING								
Federal Revenue	$243,632	$267,502	$268,430	$ 928	$264,983	$273,203	$8,220	10.18

Program Description: Emergency Management Development supplements the Disaster Coordination and Response Program in the preparation and updating of local and state emergency preparedness plans and is also responsible for calibration and maintenance of radiological instruments.

Budget: The budget reflects a 10.2 percent increase in fiscal 1990 from fiscal 1988. Full-time equivalent positions decrease a net 0.25 FTE from fiscal 1988 to fiscal 1990 as a 0.25 FTE which was transferred to the Army National Guard in fiscal 1988 is returned to this program in fiscal 1990 and 1991. This increase is offset by a 0.50 FTE decrease resulting from extended vacancy of the position. Personal services increase due to the pay plan and because no vacancy savings is budgeted in the 1991 biennium. The actual vacancy savings rate in fiscal 1988 was 9.6 percent.

Operating expenses increase 18 percent from fiscal 1988 to fiscal 1990 because an additional $6,742 for travel costs was authorized each year of the 1991 biennium.

Funding: This program receives all of its funding from the Federal Emergency Management Agency. The expenditures reflect the federal fiscal year actual grant award to the program.

Difference From Executive: Legislative adjustments to the executive request include: 1) an approximate $4,400 annual increase due to the elimination of vacancy savings; 2) a $6,806 increase in fiscal 1990 and a $14,153 increase in fiscal 1991 for the pay plan; 3) an annual $9,740 and 0.50 FTE reduction due to extended vacancies; and 4) a $533 decrease in fiscal 1990 and a $590 decrease in fiscal 1991 for lower miscellaneous costs.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF MILITARY AFFAIRS

PROGRAM: LOCAL CIVIL DEFENSE REIMBURSEMENT

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENSES	$555,986	$600,000	$2,000,000	$1,400,000	$600,000	$2,000,000	$1,400,000	259.72
FUNDING								
Federal Revenue	$555,986	$600,000	$2,000,000	$1,400,000	$600,000	$2,000,000	$1,400,000	259.72

Program Description: This program passes through federal funds to localities in the event of an emergency and for civil defense preparedness.

Budget: The budget includes only pass-through funds; no operating costs are incurred. In the 1989 biennium, the agency was authorized $2,000,000 annually. The 1991 biennium budget includes the same authorization.

Funding: All funds passed through in this program are federal funds from the Federal Emergency Management Agency.

Difference From Executive: The legislature provided appropriation authority at the level authorized by the 1987 legislature while the executive budget request reflected an amount slightly higher than the base year expenditures.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF MILITARY AFFAIRS

PROGRAM: VETERANS' AFFAIRS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	18.00	18.00	18.75	0.75	18.00	18.75	0.75	0.75
Personal Services	$390,182	$386,733	$420,568	$33,835	$387,394	$438,009	$50,615	7.79
Operating Expenses	59,146	97,344	122,331	24,987	91,510	86,895	(4,615)	106.83
Equipment	405	0	3,700	3,700	0	0	0	813.58
TOTAL EXPENSES	$449,733	$484,077	$546,599	$62,522	$478,904	$524,904	$46,000	21.54
FUNDING								
General Fund	$448,557	$450,077	$470,063	$19,986	$444,904	$479,702	$34,798	4.79
Federal Revenue	1,176	34,000	46,536	12,536	34,000	45,202	11,202	3,857.14
Capital Projects Fund	0	0	30,000	30,000	0	0	0	0.00
TOTAL FUNDING	$449,733	$484,077	$546,599	$62,522	$478,904	$524,904	$46,000	21.54

Program Description: The Veterans' Affairs Division provides a statewide service of assisting discharged veterans and their families, files claims, cooperates with state and federal agencies having to do with the affairs of veterans and their families, and promotes the general welfare of veterans with information on veterans' benefits, provision of Veterans' Administration (VA) forms, guidance in completing those forms, and representation before regional VA appeals boards.

Budget: The budget increases 21.5 percent from fiscal 1988 to fiscal 1990 due to increases in all budget items. Personal services increase 7.8 percent due to the budget modification authorized by the legislature (see program expansion section) and the authorized pay plan increase. Operating expenses increase 106.8 percent due to the budget including $30,000 annually to open and close veterans' graves. Only $1,176 was spent from a $30,000 appropriation for this purpose in fiscal 1988. Fiscal 1990 operating costs also include a $30,000 biennial appropriation to study construction sites for veteran nursing homes in Montana. This is discussed in the Other Legislation section.

The equipment budget includes $1,700 to replace executive chairs and $2,000 for equipment relating to the cemetery sexton authorized in the program expansion.

Program Expansions:

1. Cemetery Sexton - The legislature approved the addition of 0.75 FTE for a cemetery sexton to work with funeral directors, veterans organizations, and families to ensure timely and dignified funeral services. The position will also be responsible for billing the Veterans Administration for the cemetery opening and closing fees and for other clerical duties associated with burials. The modified approved $15,916 in fiscal 1990 and $13,920 in fiscal 1991 which will be funded from the federal reimbursement for this program.

Funding: The Veterans' Affairs Division is funded from general fund and federal funds. The federal funds are reimbursement of $150 per veteran burial.

Other Legislation:

House Bill 202 appropriates $30,000 from the capital projects fund to the Department of Military Affairs to conduct a study to consider locations for the construction of state nursing homes and domiciliary homes for veterans in Montana.

Difference From Executive: The legislative appropriation exceeds the executive budget request due to eliminating vacancy savings (an approximate $4,300 annual increase), adding the pay plan ($15,618 in fiscal 1990 and $32,386 in fiscal 1991), approving a budget modification with a position and a higher cost than originally requested (0.75 FTE and $11,916 in fiscal 1990 and $9,920 in fiscal 1991, adding $30,000 for the veterans' home location study (see Other Legislation), and reducing operating expenses $1,271 annually due to an overaccrual.

HUMAN SERVICES



LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	264.23	291.35	300.35	9.00	292.35	301.35	9.00	36.12
Personal Services	$ 7,026,673	$ 8,099,892	$ 8,761,605	$ 661,713	$ 8,145,237	$ 9,104,730	$ 959,493	24.69
Operating Expenses	8,191,503	9,758,776	14,844,876	5,086,100	9,736,284	14,648,517	4,912,233	81.22
Equipment	334,582	528,156	554,743	26,587	122,088	130,088	8,000	65.80
Non-Operating	11,851,326	13,350,192	13,579,521	229,329	14,211,835	14,498,730	286,895	14.58
TOTAL EXPENSES	$27,404,084	$31,737,016	$37,740,745	$6,003,729	$32,215,444	$38,382,065	$6,166,621	37.72
FUNDING								
General Fund	$ 3,577,709	$ 3,453,499	$ 3,971,946	$ 518,447	$ 3,416,213	$ 4,021,690	$ 605,477	11.02
State Special Rev	2,330,251	4,054,744	5,688,217	1,633,473	3,684,674	5,320,283	1,635,609	144.12
Federal Revenue	21,496,124	24,228,773	27,077,225	2,848,452	25,114,557	28,067,256	2,952,699	25.96
Proprietary Funds	0	0	1,003,357	1,003,357	0	972,836	972,836	0.00
TOTAL FUNDING	$27,404,084	$31,737,016	$37,740,745	$6,003,729	$32,215,444	$38,382,065	$6,166,621	37.72

Agency Description: The general mission of the Department of Health and Environmental Sciences is to promote the health and safety of Montana citizens. To accomplish this mission, the department is engaged in a variety of regulatory and administrative functions that include approval of construction or purchase of certain medical facilities, inspection and certification of public health care facilities, inspection and regulation of hazardous materials in the environment, and administration of a number of federally funded programs providing both preventative and ameliorative health services. Organizationally, the department is currently divided into four administrative units: 1) the Director's Office, which provides overall supervision of the department's activities; 2) the Centralized Services Division, which is responsible for all financial reporting, budgeting and accounting functions of the department; 3) the Environmental Sciences Division, which is responsible for ensuring a safe and healthful environment; and 4) the Health Services and Medical Facilities Division, which is responsible for services designed to improve and preserve the health of Montana residents.

Legislative Intent:

To the extent that revenues from the Preventive Health Block Grant exceed $597,771 in fiscal year 1990 or fiscal year 1991, they may be distributed at the discretion of the director of the department based upon

identifiable health care needs. To the extent revenues from the grant are less than this amount, the director of the department shall make program reductions.

The total appropriation for the department includes $2,101,803 in fiscal year 1990 and $2,101,803 in fiscal 1991 from the Maternal and Child Health Block Grant. To the extent the revenues from the grant exceed these amounts they are appropriated for distribution to the counties, and must be distributed to the counties based upon identifiable needs. To the extent revenues from the grant are less than this amount, distributions to the counties must be reduced.

If federal revenues exceed the amounts budgeted, the department may submit a budget amendment to include additional federal spending authority unless specifically prohibited by legislative action.

Budget: Program expansion increases the department staffing level by 36.12 FTE over the fiscal 1988 level. This expansion in staffing occurs in the Centralized Services, Environmental Sciences, Solid and Hazardous Waste, Family and Maternal Child Health, Preventive Health, and Licensing and Certification bureaus.

Operating expenses increase by 81 percent, primarily as a result of program expansion. Most of the expansion occurred in the Solid and Hazardous Waste Bureau where $3,245,128 of increases were approved in environmental protection and cleanup programs such as Superfund and Leaking Underground Storage Tanks. Other major areas of program expansion include $528,487 for water quality protection projects in the Water Quality Bureau; $478,834 for AIDS, Low Birthweight, Montana Initiative for Abatement of Mortality in Infants (MIAMI), and Chronic Disease programs in the Preventive Health Bureau; $333,379 for Omnibus Budget Reconciliation Act (OBRA) activities in the Licensing and Certification Bureau; and $400,000 for legal actions in the Director's Office. House Bill 333 appropriates $1,000,000 per year for remedial action when hazardous substances have been released.

The equipment budget includes laboratory equipment for the chemistry and microbiology laboratories, field monitoring equipment for the Environmental Sciences Division, Superfund and Underground Storage Tank programs, an emergency response van for the Hazardous Waste Bureau, and office equipment for the Preventive Health Bureau.

Most of the non-operating budget is in the Maternal and Child Health Bureau which includes $11,979,402 for grants to nutrition, family planning and health service programs. Also included in the non-operating budget are $336,086 for grants to local air quality programs and boards of health, $808,608 for grants to county junk vehicle programs, and $231,920 for grants to local governments through the Water Quality Bureau.

Funding: About 72 percent of the department budget is funded from federal grant funds. These funds come from a variety of federal grant sources. Many of these are categorical grants which require that the funds be used for specific purposes. Examples of categorical grants are the AIDS grant which funds the Montana AIDS program, and the grants that fund the state's program to monitor underground storage tanks and clean up leaks associated with underground storage tanks. The department also receives two block grants: 1) the Preventive Health Block Grant, and 2) the Maternal and Child Health Block Grant. Allocation of block grant funds are summarized in Table 1.

Table 1
Allocation of Block Grants

	Fiscal 1990	Fiscal 1991
Preventive Health Block Grant		
Allocation		
Public Health Labs	$ 66,757	$ 66,837
Health Services Administration	13,287	13,325
Emergency Medical Services	180,424	181,610
Family Planning	202,015	202,079
Perinatal Program	69,667	68,052
Health Education	53,653	53,900
Rape Crisis	11,968	11,968
Total	$ 597,771	$ 597,771
Maternal & Child Health Block Grant		
Allocation		
Counties	$ 673,269	$ 672,316
Health Services Administration	29,897	29,981
Family Planning	29,000	29,000
Family/Maternal & Child Health Administration	239,964	240,200
Handicapped Children	836,396	836,639
Perinatal Program	152,894	154,965
Dental	74,383	73,702
Low Birthweight Prevention	66,000	65,000
Total	$2,101,803	$2,101,803

The department receives state special revenue from the allocation of resource indemnity trust (RIT) interest earnings. Resource indemnity trust interest allocations to departments for the 1991 biennium distribute 12 percent to the Hazardous Waste/Comprehensive Environmental Response Compensation and Liability Act (CERCLA) special revenue account which is managed by the department for hazardous waste remediation and superfund match. An additional 4 percent goes to the department for environmental quality protection. Anticipated available funding and allocation of these funds is summarized in Table 2.

Table 2
Distribution of RIT Interest Funds - Department of Health and Environmental Sciences

	Fiscal 1990	Fiscal 1991
Anticipated Beginning Balance in Hazardous Waste/ CERCLA Special Revenue Account	$ 879,886	$ 534,971
Projected Income:		
12% of RIT Interest - Hazardous Waste/CERCLA	$ 834,721	$ 916,016
4% of RIT Interest - Environmental Quality Protection	278,240	305,339
Total Income	$1,112,961	$1,221,355
TOTAL AVAILABLE	$1,992,847	$1,756,326
Budget Expenditures:		
Natural Resources Lawsuit	$ 200,000	$ 200,000
Burlington Northern Lawsuit	200,000	200,000
Environmental Sciences Programs Administration	62,554	64,392
Asbestos Program	63,410	57,499
Solid & Hazardous Waste Division:		
Hazardous Waste Bureau	117,831	116,472
Underground Storage Tank Program	51,845	53,130
Leaking Underground Storage Tank Program	68,507	79,047
Hazardous Waste Minimization	23,174	22,488
Superfund Core	12,171	12,427
Mini Superfund	222,631	254,728
Water Quality Bureau:		
Water Quality Management	77,097	80,180
Water Pollution Control	87,045	88,833
Safe Drinking Water	121,943	124,650
Clark Fork Monitoring	109,064	109,368
Clark Fork Coord. - Governor's Office	40,604	-0-
Total Budgeted Expenditures	$1,457,876	$1,463,214
ANTICIPATED ENDING BALANCE	$ 534,971	$ 293,112

Those departmental organizations which provide department-wide support functions and services are funded by indirect charges against all units of the department. In the 1991 biennium there will be a change in the method of allocating indirect costs. Table 3 summarizes indirect funding support of departmental organizations in the budget for the 1991 biennium. As shown, the level of indirect cost support for departmental functions will be $1,003,357 in fiscal year 1990 and $974,836 in fiscal year 1991. This compares to $369,654 in fiscal 1988. The primary reason for the increase is that several departmental functions that were supported by the general fund in the 1988 biennium, such as the director's office, fiscal services, and the word processing pool, will be supported by indirect assessments in the 1991 biennium.

Table 3
Organizations Supported by Indirect Assessment

	Fiscal 1990	Fiscal 1991
Director's Office	$ 243,504	$252,412
Centralized Services		
Administration	178,921	184,613
Support Services Bureau	580,932	535,811
Total	$1,003,357	$972,836

Table 4 shows indirect cost assessments against departmental units in the 1991 biennium. As shown, $1,054,573 will be assessed in fiscal 1990 and $1,061,548 will be assessed in fiscal 1991. Indirect assessments exceed departmental indirect costs because the department also contributes to the statewide indirect cost pool.

Table 4
Departmental Indirect Assessments

Indirect Assessments	Fiscal 1990	Fiscal 1991
Director's Office	$ 21,122	$ 21,192
Centralized Services	125,265	125,742
Environmental Sciences	146,897	147,264
Solid/Hazardous Waste	165,287	169,766
Water Quality	193,659	193,958
Health Services/Med. Fac.	45,023	45,142
Family/MCH	103,508	103,733
Preventive Health	97,017	97,252
Licensing and Certification	138,520	139,171
Health Planning	18,275	18,328
Total	$1,054,573	$1,061,548

Another change in the indirect assessment method is that while indirect charges are not made against general fund in the 1989 biennium, indirect charges will be made against all funding sources in the 1991 biennium in order to comply with federal grant requirements. This will result in increased general fund costs in programs contributing to the indirect cost pool. These increased general fund costs will be offset by the decreases that result from funding with indirect cost funds in the 1991 biennium administrative functions that in the current biennium are supported with general fund. The net impact of these changes is shown in Table 5. As shown, the increased general fund costs associated with indirect assessments of $326,918 are offset by decreased general fund support of the director's office and support services functions.

Table 5
General Fund Impact of Revised Indirect Allocation Plan

	Fiscal 1988	Fiscal 1990	Difference
Increased General Fund Cost			
Indirect Assessment Paid by General Fund	$ -0-	$326,918	$(326,918)
Decreased General Fund Cost			
General Fund Support of Administrative Functions			
Director's Office	$226,938	$ 70,877	
Support Services	191,239	-0-	
Total	$418,177	$ 70,877	347,300
Net General Fund Savings			$ 20,382

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

PROGRAM: OFFICE OF THE DIRECTOR

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	11.50	10.00	10.00	0.00	10.00	10.00	0.00	(1.50)
Personal Services	$377,326	$369,483	$381,753	$ 12,270	$370,427	$394,345	$ 23,918	(1.17)
Operating Expenses	106,825	291,388	474,225	182,837	293,810	476,589	182,779	343.93
Equipment	12,008	1,783	1,783	0	368	368	0	(85.15)
TOTAL EXPENSES	$496,159	$662,654	$857,761	$ 195,107	$664,605	$871,302	$ 206,697	72.88
FUNDING								
General Fund	$347,815	$230,139	$212,817	$ (17,322)	$229,449	$217,450	$ (11,999)	(38.81)
State Special Rev	23,128	200,000	401,440	201,440	200,000	401,440	201,440	1,635.73
Federal Revenue	125,216	232,515	0	(232,515)	235,156	0	(235,156)	(100.00)
Proprietary Funds	0	0	243,504	243,504	0	252,412	252,412	N/A
TOTAL FUNDING	$496,159	$662,654	$857,761	$ 195,107	$664,605	$871,302	$ 206,697	72.88

Program Description: The Office of the Director is responsible for overall management and program support for the department. This division consists of the following:

The Director's Office which coordinates and provides policy development and administration for the department;

The Board of Health which advises the department in matters concerning the public health; and

Legal Services which provides all aspects of legal representation to the department.

Legislative Intent: It is the intent of the legislature that the $200,000 annual appropriation (program expansion #1) is for civil action, including action to pursue recovery of natural resource damages, against the Atlantic Richfield Company for release of hazardous substances in the Clark Fork River basin and against other responsible parties at other Superfund sites.

The legislature intends that $200,000 be appropriated annually from the 12 percent of the resource indemnity trust fund that is allocated under Section 15-38-202, MCA, to the hazardous waste/CERCLA account. This appropriation is to be used to pursue the civil action filed in federal district court on December 27, 1988, by the State of Montana against Burlington Northern, Inc., Burlington Northern Railroad, Inc., and Glacier Park Company, and to seek remediation for other alleged violations of state and federal laws governing the management of hazardous or deleterious substances by these potentially responsible parties at other sites in Montana.

It is the intent of the legislature that the civil action relating to clean-up in the Livingston area be pursued as appropriate through trial, negotiation, or a combination of both to a resolution satisfactory to the interests of the State of Montana, including the signing of a settlement agreement that provides for recovery of state remedial action costs and legal fees, payment by the responsible party of applicable penalties and for natural resource damages, and agreement by the responsible party to perform necessary remedial action.

Upon the satisfactory resolution of the Livingston site and other Burlington Northern sites in Montana, funds remaining from this appropriation revert to the hazardous waste/CERCLA account.

It is the desire of the legislature that beginning in the 1993 biennium the department's budget for legal services shall be funded from charges to the organizations using the legal services.

Budget: Fiscal 1988 personal services expenses include 1.50 FTE funded by an appropriation for the natural resources lawsuit, where the state is seeking damages under federal CERCLA statutes for permanent loss of natural resources. The personal services budget for the 1991 biennium eliminates the 1.50 FTE.

Fiscal year 1988 operating expenses included $21,898 that was appropriated from the Resource Indemnity Trust Fund for the natural resources lawsuit, and $37,049 that was a prior year carry-over. Both were removed from the base, leaving an adjusted base level of $47,878. The increase in the operating budget results from: 1) a $1,465 increase in dues expenses relating to professional affiliations of the department director; 2) a $2,496 increase in travel expenses for the Board of Health; and 3) a $21,122 increase in indirect assessments. Indirect assessments increase as a result of the revised allocation plan for indirect charges. In fiscal 1988, indirect charges were not assessed against director's office programs. In the 1991 biennium, indirect charges will be assessed against the Director's Office and Legal Services. The operating budget also expanded by over $400,000 per year as a result of program expansions approved by the legislature.

The equipment budget funds computer and office equipment for the legal office.

Program Expansions: The legislature approved the program expansion items summarized in Table 6. Items 1 and 2 are funded with RIT interest and Item 3 is funded with general fund and federal funds.

Table 6
Program Expansions for the Director's Office

	FTE	Fiscal 1990 Personal Services	Fiscal 1990 Operating	Fiscal 1990 Equipment	Fiscal 1991 Personal Services	Fiscal 1991 Operating	Fiscal 1991 Equipment
1. Civil action relating to the Clark Fork River basin.	0.00	$ -0-	$200,000	$ -0-	$ -0-	$200,000	$ -0-
2. Continuing civil action against Burlington Northern and Glacier Park Company.	0.00	-0-	200,000	-0-	-0-	200,000	-0-
3. Lexis legal data base.	0.00	-0-	2,880	-0-	-0-	2,880	-0-
TOTAL	0.00	$ -0-	$402,880	$ -0-	$ -0-	$402,880	$ -0-

1. Civil Action - Clark Fork - In fiscal 1988, the department contracted with a law firm to represent the State of Montana on a pending civil action against parties responsible for destruction, loss of, or injury to the natural resources of the state, as authorized by the federal Comprehensive Environmental Response Compensation and Liability Act. The executive requested $200,000 per year to continue this effort. The legislature approved the request, and specified that the funding be for civil action against the Atlantic Richfield Company for releases of hazardous substances in the Clark Fork River Basin.

2. Civil Action - Burlington Northern and Glacier Park Company - This program expansion funds any required civil action related to environmental damage in the Livingston area.

3. Lexis - This program expansion funds the costs associated with providing the department's legal office with access to a legal data base.

Funding: The Director's Office is funded with general fund and indirect cost funds, while the Board of Health and Legal Services are funded primarily from the general fund. The civil actions are funded with RIT interest. Table 7 summarizes the staffing and funding of the Director's Office. The decrease in general fund and increase in state special revenue reflects the department's decision to fund additional Director's Office functions from indirect assessments in the 1991 biennium.

Table 7
Director's Office - Staffing and Funding
1991 Biennium

	Fiscal Year 1990				Fiscal Year 1991			
	FTE	General Fund	Other Funds	Total	FTE	General Fund	Other Funds	Total
Director's Office	7.00	$ 66,706	$243,504	$310,210	7.00	$ 68,902	$252,412	$321,314
Board of Health	0.00	10,322	-0-	10,322	0.00	10,326	-0-	10,326
Legal Unit	3.00	134,349	-0-	134,349	3.00	136,782	-0-	136,782
Program Expansion	0.00	1,440	401,440	402,880	0.00	1,440	401,440	402,880
Total	10.00	$212,817	$644,944	$857,761	10.00	$217,450	$653,852	$871,302

As shown, general fund supports all of Legal Services and Board of Health expenses. The Director's Office is supported by indirect assessments except for personal services expenses of the department director. Program expansion is funded primarily with RIT interest.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $7,400 annually; 2) the pay plan adds about $10,800 to the fiscal 1990 budget and $22,400 to the fiscal 1991 budget; 3) the legislature reduced the Department Director's salary by $6,000 per year; and 4) the legislature added $200,000 per year to the operating budget to continue civil actions relating to environmental cleanup. The remaining difference in the operating budgets results from the adjustment of indirect assessments.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

PROGRAM: CENTRALIZED SERVICES

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	56.10	60.50	60.50	0.00	60.50	60.50	0.00	4.40
Personal Services	$1,291,452	$1,468,827	$1,551,998	$ 83,171	$1,473,081	$1,613,735	$ 140,654	20.17
Operating Expenses	547,042	890,473	841,018	(49,455)	838,642	738,680	(99,962)	53.74
Equipment	123,145	277,695	277,695	0	1,927	1,927	0	125.50
TOTAL EXPENSES	$1,961,639	$2,636,995	$2,670,711	$ 33,716	$2,313,650	$2,354,342	$ 40,692	36.15
FUNDING								
General Fund	$ 774,344	$ 690,537	$ 667,352	$ (23,185)	$ 679,010	$ 668,329	$ (10,681)	(13.82)
State Special Rev	618,296	1,020,046	1,072,577	52,531	771,630	793,684	22,054	73.47
Federal Revenue	568,999	926,412	170,929	(755,483)	863,010	171,905	(691,105)	(69.96)
Proprietary Funds	0	0	759,853	759,853	0	720,424	720,424	N/A
TOTAL FUNDING	$1,961,639	$2,636,995	$2,670,711	$ 33,716	$2,313,650	$2,354,342	$ 40,692	36.15

Program Description: The Centralized Services Division is responsible for all financial reporting, budgeting and accounting functions of the department, as well as statistical services, recordkeeping, and laboratory services. The division consists of an administration unit and four bureaus.

The Support Services Bureau maintains the accounting system and provides centralized purchasing, mail room, cashier, auditing, data processing, and word processing functions for the department, and maintains the department's film library.

The Records and Statistics Bureau maintains the state's vital statistics system and tumor registry system.

The Chemistry Laboratory provides analytical and consulting services to various divisions within the department and other state agencies, and conducts tests of private air and water samples.

The Microbiology Laboratory provides testing, consultation and coordination for disease control and environmental programs and approves and certifies laboratories within the state.

Legislative Intent:

There is a $50,000 laboratory contingency fund that is for supplies and materials and communications costs in excess of $117,925 in fiscal 1990 and $116,792 in fiscal 1991 in the microbiology and chemistry laboratories. This allows the laboratory to continue operating if the level of reimbursable activity exceeds expected levels.

The department is authorized to obtain a general fund loan to purchase the $223,000 of laboratory equipment authorized in Program Expansion #4. This loan will be repaid with laboratory fee revenue prior to June 30, 1991.

Budget: Fiscal 1988 personal services costs include 1.10 FTE funded by budget amendment and not included in the current level budget. The personal services budget for the 1991 biennium represents an increase of FTE as a result of elimination of a vacant half-time position and addition of 6.00 FTE in program expansions. Personal services expenses increase by 20.17 percent primarily as a result of the increased FTE level and $53,200 of pay plan costs.

Fiscal year 1988 operating expenses included $8,985 in expenditures that were funded through budget amendments and are not considered as part of base level operations. The fiscal year 1990 operating expense budget increase of 54 percent over the adjusted base is a result of: 1) a $19,012 decrease in the cost of insurance and bonds; 2) a $21,889 increase in audit expenses which is a biennial appropriation that is offset by a $22,385 decrease in fiscal 1991; 3) a $5,631 increase in costs associated with a new system for on-line entry of data to the state accounting system; 4) a $8,110 increase in lab equipment maintenance contracts which is the cost of a maintenance contract for the chemistry lab's new automatic absorption equipment; 5) a $6,691 increase in building rent; 6) a $72,093 increase in indirect costs which are assessed against the Records and Statistics Bureau, the chemistry lab, and the microbiology lab; 7) a $6,135 increase in travel expenses for the support services director, which relates to travel associated with regulations concerning federal grants to the department; 8) a $9,416 increase in data processing services, 9) a $3,190 increase in printing expenses relating to the film library; 10) a $10,000 increase in printing expenses associated with the need to reprint vital statistics on new forms; and 11) a $130,125 increase relating to program expansion. Fiscal 1990 operating expenses also include the $50,000 laboratory contingency fund referred to above.

The equipment budget provides $11,025 for a delivery van for the Support Services Bureau, office equipment, and lab equipment funded through program expansion.

Program Expansions: The legislature approved the program expansion items summarized in Table 8. Items 1 and 2 are funded with indirect assessments; Item 3 is funded with federal funds; and all other items are funded with state special revenue (lab fees).

Table 8
Program Expansions for the Centralized Services Division

		Fiscal 1990			Fiscal 1991		
	FTE	Personal Services	Operating	Equipment	Personal Services	Operating	Equipment
1. Data Processing Support	1.00	$25,905	$ 3,733	$ 2,000	$ 25,922	$ 3,788	$1,927
2. Administration Support	2.00	56,121	-0-	-0-	56,159	-0-	-0-
3. Vital Certificates	1.00	15,928	2,421	-0-	15,938	2,423	-0-
4. Safe Drinking Water	1.00	22,972	10,817	223,000	23,026	16,756	-0-
5. EPA Testing	0.00	-0-	50,000	-0-	-0-	50,000	-0-
6. Increased activity in the microbiology (Public Health) lab relating to:							
a) Chlamydia	1.00	17,538	31,319	-0-	17,578	31,180	-0-
b) Herpes	0.00	-0-	7,500	-0-	-0-	7,500	-0-
c) HIV (AIDS)	0.00	-0-	2,500	-0-	-0-	2,500	-0-
d) Mycoplasms/Ureaplasms	0.00	-0-	1,500	-0-	-0-	1,500	-0-
e) Vector Borne Diseases	0.00	-0-	2,000	-0-	-0-	2,000	-0-
f) Immunizable Diseases	0.00	-0-	4,500	-0-	-0-	4,500	-0-
g) Mycobacterial Diseases	0.00	-0-	6,000	-0-	-0-	6,000	-0-
h) Streptococcal Diseases	0.00	-0-	2,500	-0-	-0-	2,500	-0-
7. Lab Equipment	0.00	-0-	-0-	7,000	-0-	-0-	-0-
Total	6.00	$138,464	$124,790	$232,000	$138,623	$130,647	$1,927

1. The Data Processing Support program expansion funds one position to assist in developing computer programs for the Support Services Bureau to provide input into the Statewide Budgeting and Accounting System and to automate federal reporting.

2. The Administration Support program expansion funds two positions for administration functions associated with increasing federal grant activity.

3. The Vital Certificates program expansion funds one position and costs associated with the Vital Statistics Program. The number of vital certificates issued has steadily increased over the last few years. The introduction of new certificates in 1988 coupled with the demand of the National Center for Health Statistics for more data will result in an increase in the contractual income to the Records and Statistics Bureau.

4. The Safe Drinking Water program expansion funds additional activity relating to amendments to the Safe Drinking Water Act which requires additional mandated monitoring for an additional 47 unregulated organic compounds. The Underground Storage Tank Program will conduct field investigations involving fuels leaking into soils, watersheds and groundwater. The program expects from 200-250 samples per year and EPA will pay for sample analysis.

5. The EPA Testing program expansion provides authority for activity relating to changes in EPA testing procedures. The Environmental Protection Agency (EPA) has proposed changes in testing procedures for water samples that include additional procedures, and an increase in the number of samples for water systems. This would increase the department's specimen load approximately 5 percent.

6. The Lab Fees program expansion provides for expanded lab screening in the following areas: Herpes lab screenings - $7,500; HIV (AIDS) lab screenings - $2,500; Mycoplasma/Ureaplasma lab screenings - $1,500; Vector Borne Diseases - $2,000; Immunizable Diseases - $4,500; Mycobacterial Diseases - $6,000; Streptococcal Diseases -$2,500. Also included is 1.00 FTE, supplies and materials, communications, and repair and maintenance for chlamydia screenings. Costs will be funded by lab fees.

7. The Lab Equipment expansion funds equipment needed for rapid identification of mycobacteria screenings.

Funding: The division administrator component is funded entirely with indirect funds. The Support Services Bureau is funded with indirect funds except for about $20,000 in fee charges relating to the department's film library. The Records and Statistics Bureau receives general fund support for the Tumor Registry Program and part of the state Vital Statistics Program. The other funding for the bureau consists of about $107,000 from the sale of vital statistics and about $83,000 in federal grants. The chemistry lab receives some general fund support but generates most of its funding through lab fees. The microbiology lab receives about 45 percent of its funding from general fund, about 45 percent from lab fees, and about 10 percent from the Preventive Health Block Grant.

The overall decrease in general fund support and increase in federal support results from funding additional centralized functions with indirect cost assessments. Table 9 summarizes division staffing and funding.

Table 9
Centralized Services Division - Staffing and Funding
1991 Biennium

	Fiscal Year 1990				Fiscal Year 1991			
	FTE	General Fund	Other Funds	Total	FTE	General Fund	Other Funds	Total
Division Admin.	3.00	$ -0-	$ 178,921	$ 178,921	3.00	$ -0-	$ 184,613	$ 184,613
Support Services	14.50	-0-	513,972	513,972	14.50	-0-	461,451	461,451
Records & Statistics	15.00	292,500	193,500	486,000	15.00	294,632	193,500	488,132
Chemistry Lab	6.00	91,902	214,440	306,342	6.00	89,247	208,243	297,490
Microbiology Lab	16.00	282,950	402,234	685,184	16.00	284,450	356,535	640,985
Program Expansion	6.00	-0-	500,292	500,292	6.00	-0-	281,671	281,671
Total	60.50	$667,352	$2,003,359	$2,670,711	60.50	$668,329	$1,686,013	$2,354,342

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $27,200 annually; and 2) the pay plan adds about $53,200 to the fiscal 1990 budget and $110,600 to the fiscal 1991 budget. The difference in the operating budgets results from the adjustment of indirect assessments.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

PROGRAM: ENVIRONMENTAL SCIENCES

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	33.28	34.53	35.53	1.00	34.53	35.53	1.00	2.25
Personal Services	$1,001,974	$1,079,533	$1,158,108	$ 78,575	$1,082,235	$1,197,239	$ 115,004	15.58
Operating Expenses	481,275	731,735	1,628,585	896,850	614,592	1,511,542	896,950	238.39
Equipment	49,799	41,713	41,713	0	26,300	26,300	0	(16.24)
Non-Operating	301,818	340,086	336,086	(4,000)	340,086	336,086	(4,000)	11.35
TOTAL EXPENSES	$1,834,866	$2,193,067	$3,164,492	$ 971,425	$2,063,213	$3,071,167	$1,007,954	72.46
FUNDING								
General Fund	$ 749,796	$ 944,142	$1,008,403	$ 64,261	$ 924,290	$1,009,239	$ 84,949	34.49
State Special Rev	310,778	566,791	1,485,134	918,343	459,397	1,381,056	921,659	377.88
Federal Revenue	774,292	682,134	670,955	(11,179)	679,526	680,872	1,346	(13.35)
TOTAL FUNDING	$1,834,866	$2,193,067	$3,164,492	$ 971,425	$2,063,213	$3,071,167	$1,007,954	72.46

Program Description: The Environmental Sciences Division is responsible for ensuring a safe and healthful environment in the state. The program consists of the Environmental Sciences Division Administration, and the following bureaus.

The Air Quality Bureau is responsible for maintaining outdoor air quality levels considered safe to the public health and welfare through permit review, inspections, monitoring, and information dissemination.

The Occupational Health Bureau is responsible for administering the Radiological Health Program, with primary emphasis on inspection of x-ray machines and providing measurement and technical expertise to ensure safety in homes and work places.

The Food and Consumer Safety Bureau is responsible for issuing licenses to food establishments, hotels, motels, and trailer parks, and for providing training and support services to local health inspectors.

Legislative Intent: The budget for the Food and Consumer Safety Bureau includes annual grant authority of $237,500 which is for license fees returned to local boards of health for inspections of food establishments, accommodations and camping facilities. If additional authority is needed to reimburse local boards, a budget amendment may be requested.

The budget includes a biennial appropriation of $100,000 to provide contingency spending authority for major facility siting, variance reviews, and environmental impact statements. The responsible parties will fund any required activity in this area.

Budget: Fiscal 1988 personal services include a 0.75 FTE funded by budget amendment which is not continued in the 1991 biennium. The personal services budget for the 1991 biennium represents an increase of 3.00 FTE which were added through program expansion and other legislation. Personal services expenses increase by 15.58 percent as a result of about $75,000 of costs associated with the increased FTE level, $33,500 of pay plan expenses, and about $45,500 of fiscal 1988 vacancy savings.

The 1991 biennium operating budget excludes $101,483 of expenses funded by budget amendments in fiscal 1988 leaving base level operating costs of $379,792. The increase from base level consists primarily of: 1) an $80,090 increase in indirect assessments; 2) a $21,309 increase in contracted services relating to expanded air quality testing requirements; 3) a $9,193 increase in travel and tuition costs for the Occupational Health Bureau needed to provide training for a health physicist; and 4) a $4,108 increase in travel and a $4,999 increase in contracted services, supplies, and communication expenses of the Food and Consumer Safety Bureau, relating to increased activity. Program expansions increase the operating budget by $21,495. The fiscal 1990 operating expenses also include $100,000 of authority for facility siting, variance reviews, and environmental impact statements (see Legislative Intent). Other legislation increases the fiscal 1990 budget by $1 million.

Equipment expenses include field monitoring equipment for the Occupational Health Bureau, and a computer and replacement of one vehicle for the Food and Consumer Safety Bureau.

Non-operating expenses consist of grants to county level air quality programs by the Air Quality Bureau and grants to local boards of health by the Food and Consumer Safety Bureau.

Program Expansions: The legislature approved the program expansion items summarized in Table 10. Item 1 is funded with general funds and Item 2 is funded with RIT interest.

Table 10
Program Expansions for the Environmental Sciences Division

		Fiscal 1990			Fiscal 1991		
	FTE	Personal Services	Operating	Equipment	Personal Services	Operating	Equipment
1. Administrative Assistance	0.50	$ 9,732	$ 1,207	$ -0-	$ 9,738	$ 1,208	$ -0-
2. Asbestos Regulations	1.50	$40,214	$20,288	1,500	$40,240	$14,302	-0-
3. Other Legislation	1.00	$25,000	$ -0-	$ -0-	$25,000	$ -0-	$ -0-

1. The Administrative Assistance program expansion funds a 0.50 FTE Administrative Assistant I, secretarial support position. Increases in workload from federal programs, the Hazard Emergency Response Act, Title III-Emergency Response, and the Community Right to Know laws delegated to the department have caused a need for more support staff.

2. The Asbestos Regulations program expansion is to accredit and regulate asbestos consultants, contractors, and workers. This would assure the competence of asbestos consultants and asbestos abatement contractors for the protection of public health and safety. The program will be funded with RIT interest funds, and fees charged will be deposited in the RIT account.

Funding: Funding and staffing of division programs are summarized in Table 11.

Table 11
Environmental Sciences - Staffing and Funding

	Fiscal 1990				Fiscal 1991			
	FTE	General Fund	Other Funds	Total	FTE	General Fund	Other Funds	Total
Division Admin.	2.50	$ 62,553	$ 162,554	$ 225,107	2.50	$ 64,390	$ 64,392	$ 128,782
Air Quality	18.53	350,407	692,625	1,043,032	18.53	356,837	702,537	1,059,374
Occupational Health	3.50	186,577	0	186,577	3.50	178,978	0	178,978
Food & Consumer Sfty.	8.00	372,426	237,500	609,926	8.00	372,025	237,500	609,525
Program Expansion	2.00	11,440	63,410	74,850	2.00	12,009	57,499	69,508
Other Legislation	1.00	25,000	1,000,000	1,025,000	1.00	25,000	1,000,000	1,025,000
Total	35.53	$1,008,403	$2,156,089	$3,164,492	35.53	$1,009,239	$2,061,928	$3,071,167

The Division Administration Program is funded 50 percent with general fund and 50 percent with resource indemnity trust tax interest. The Air Quality Bureau is funded with federal funds, general fund needed to meet federal match requirements, and also receives about $20,000 per year in state special revenue from fees collected through the smoke management program. The Occupational Health Bureau is funded entirely with general fund. The Food and Consumer Safety Bureau receives general fund and state special revenue generated from license fees paid by food establishments. Efforts related to the major facility siting, variances, and environmental impact statements will be funded by the responsible parties.

Other Legislation:

House Bill 469 appropriates $50,000 from the general fund for the biennium to continue to operate air quality monitoring stations in Yellowstone County. Because this is an on-going program, this appropriation is shown as $25,000 in each year of the biennium.

House Bill 333 appropriates $1,000,000 per year from the Environmental Quality Protection Fund for remedial action at designated sites when hazardous substances have been released.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $21,000 annually; and 2) the pay plan adds about $33,500 to the fiscal 1990 budget and $69,900 to the fiscal 1991 budget. The difference in the operating budgets results from the adjustment of indirect assessments. Other legislation passed by the legislature adds $1,025,000 per year.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

PROGRAM: SOLID & HAZARDOUS WASTE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	35.10	42.00	52.00	10.00	43.00	53.00	10.00	16.90
Personal Services	$ 895,314	$1,129,693	$1,440,531	$ 310,838	$1,159,196	$1,521,076	$ 361,880	60.90
Operating Expenses	3,959,212	3,223,640	7,135,174	3,911,534	3,342,827	7,208,624	3,865,797	80.22
Equipment	51,513	102,127	124,294	22,167	67,585	75,585	8,000	141.29
Non-Operating	747,439	808,608	1,020,095	211,487	824,538	1,093,542	269,004	36.48
TOTAL EXPENSES	$5,653,478	$5,264,068	$9,720,094	$4,456,026	$5,394,146	$9,898,827	$4,504,681	71.93
FUNDING								
General Fund	$ 74,740	$ 0	$ 195,354	$ 195,354	$ 0	$ 195,269	$ 195,269	161.38
State Special Rev	1,173,609	1,661,512	2,127,002	465,490	1,713,811	2,200,414	486,603	81.24
Federal Revenue	4,405,129	3,602,556	7,397,738	3,795,182	3,680,335	7,503,144	3,822,809	67.93
TOTAL FUNDING	$5,653,478	$5,264,068	$9,720,094	$4,456,026	$5,394,146	$9,898,827	$4,504,681	71.93

Program Description: The bureau is responsible for licensing, inspection, and enforcement duties concerning waste disposal sites in the state; enforcement of federal and state hazardous waste statutes; and administering the junk vehicle recycling program. The bureau consists of the Junk Vehicle, Superfund, Hazardous Waste, Underground Storage Tank, and Solid Waste programs.

Budget: Fiscal 1988 personal services expenses include 8.60 FTE funded by budget amendment. The personal services budget for the 1991 biennium represents an increase of 25.50 FTE added through program expansion and other legislation.

Fiscal year 1988 operating expenses include $117,713 of expenses funded by Resource Indemnity Trust grants and through budget amendments which were not part of current level operating expenses, leaving base level operating costs of $3,841,499. The operating budget increases as a result of: 1) a $28,939 increase in crushing and transportation costs relating to the junk vehicle program; 2) a $21,439 increase in contracted services expenses for the Hazardous Waste Bureau relating to increased lab testing, a contract with the Department of Military Affairs for training related to hazardous material emergencies, and hydrological, engineering, and financial evaluations; 3) a $32,576 increase in the Underground Storage Tank Program relating to increased program activity; and 4) a $3,245,128 increase relating to program expansion. The increases were offset by a $25,000 decrease in consulting costs in the Solid Waste Program.

Equipment expenses provide for replacement of an emergency response van in the Hazardous Waste Bureau and equipment related to the Superfund and Underground Storage Tank programs. Legislative action added $26,667 for equipment related to the underground tank permit program established by Senate Bill 321.

The non-operating costs are grants to counties for junk vehicle control and collection programs and are increased $61,169. Legislative action added grant authority of $205,087 for fiscal 1990 and $262,604 for fiscal 1991 relating to the underground tank permit program.

Program Expansions: The legislature approved the program expansion items summarized in Table 12.

Table 12
Program Expansions for the Solid and Hazardous Waste Bureau

	FTE	Fiscal 1990 Personal Services	Fiscal 1990 Operating	Fiscal 1990 Equipment	Fiscal 1991 Personal Services	Fiscal 1991 Operating	Fiscal 1991 Equipment
1. Superfund Program (Funding: 100% federal)	2.00	$ 58,723	$2,208,820	$ 6,434	$ 59,118	$2,208,801	$ 6,434
2. Administrative Development of Superfund Program (Funding 95% federal; 5% RIT)	5.50	144,542	79,118	15,000	144,842	78,794	15,000
3. Implementation of the State Environmental Quality Protection Act (Funding: 100% RIT)	1.50	39,108	180,023	3,500	39,207	215,521	-0-
4. Hazardous Waste Minimization Program (Funding: 75% federal; 25% RIT)	2.00	51,858	34,778	4,417	51,975	34,557	-0-
5. Remedial Action Relating to Leaking Underground Storage Tanks (Funding: 90% federal; 10% RIT)	4.50*	121,470	537,247	22,500	149,645	612,224	18,795
6. Tank Permit Program** (SB321)	6.75	163,211	133,035	18,667	163,211	86,185	8,000
7. Landfill Regulation (HB752)	1.50	33,647	33,203	-0-	33,647	33,203	-0-
8. Ground Water Monitor. (HB486)	1.50	39,486	38,904	3,500	39,486	42,404	-0-
Total	25.25	$652,045	$3,245,128	$74,018	$681,131	$3,311,689	$48,229

* 5.50 FTE are authorized for FY 1991.
**The expansion also includes grant authority of $205,087 for fiscal 1990 and $262,604 for fiscal 1991.

1. The Superfund Program expansion addresses the need for cleanup and remedial actions at sites impacted by past actions involving the dumping of hazardous substances. Under the Superfund Program, the state may enter into contracts and cooperative agreements with the federal government to conduct site remedial activities.

2. The Administrative Development program expansion authorizes funding the Superfund Core Agreement by the Environmental Protection Agency providing funding for the administrative development of the State Superfund program. Funding is provided for staff training, developing procedures and protocol, and for activities that cannot clearly be allocated to specific Superfund sites.

3. The Implementing Act program expansion funds Montana's "mini-superfund" program. House Bill 718 of the 1987 legislature provides 4 percent RIT funds beginning in fiscal 1990 to implement the Environmental Quality Protection Act. This is a general environmental cleanup law that will allow DHES to investigate contaminated sites to pursue cleanup by responsible parties, or if none can be found, initiate cleanup.

4. The Minimization Program expansion continues the Hazardous Waste Minimization Program created by House Bill 6 authorized by the 1987 legislature. This program was designed to implement a plan of action to regulate hazardous waste minimization activities in the state, particularly in the eastern portion of the state.

5. The Remedial Action (LUST) program expansion is the corrective action segment of the Underground Storage Tank Program. Its objective is to provide the state with a leak response capability to conduct site investigations, issue corrective action orders, conduct cleanups and emergency responses and recover public costs at sites contaminated by leaking underground petroleum and chemical storage tanks. LUST funds can only be used where there is no known responsible party, the responsible party is unable to respond in a timely manner to public health and safety emergencies, or the responsible party is insolvent.

6. The Tank Permit program will fund 6.75 FTE and related operating expenses for the annual underground tank permit program established by Senate Bill 321. Appropriations from the account will be used for state and local costs to establish leak investigations, leak prevention and corrective actions required for the underground storage tank program.

7. The Landfill Regulation program will fund a 1.50 FTE and related operating expenses for the solid waste fee requirements of House Bill 752. The amendment will create a special revenue account to be used by the department for insuring that Montana landfills meet new federal requirements currently proposed. Fees charged out-of-state users will allow the effective regulation of waste generated outside Montana but disposed in landfills within the state's borders.

8. The Ground Water Monitoring program will fund 1.50 FTE and related operating expenses for the increased responsibilities of ground water monitoring resulting from the implementation of the requirements established by House Bill 486.

Funding: Funding and staffing of bureau programs are summarized in Table 13.

Table 13
Solid and Hazardous Waste - Staffing and Funding

	Fiscal 1990				Fiscal 1991			
	FTE	General Fund	Other Funds	Total	FTE	General Fund	Other Funds	Total
Junk Vehicle	4.59	$ 0	$1,009,618	$1,009,618	4.59	$ 0	$1,030,780	$1,030,780
Superfund	6.50	0	3,726,023	3,726,023	6.50	0	3,725,647	3,725,647
Hazardous Waste	8.82	0	435,323	435,323	8.82	0	429,890	429,890
Underground Tank	4.50	0	212,987	212,987	4.50	0	224,176	224,176
Solid Waste	2.09	113,464	2,495	115,959	2.09	113,379	5,190	118,569
Program Expansion	25.25	81,890	4,113,294	4,195,184	26.25	81,890	4,262,875	4,344,765
Other Legislation	0.25	-0-	25,000	25,000	0.25	-0-	25,000	25,000
Total	52.00	$195,354	$9,524,740	$9,720,094	53.00	$195,269	$9,703,558	$9,898,827

The Junk Vehicle Program is funded with fees collected on automobile licensing and title transfers, fees associated with licensing auto wrecking facilities and auto crushing fees. The Superfund Program is funded entirely through federal grants. The Underground Storage Tank Program is funded with 75 percent federal funds and 25 percent RIT funds, while the Leaking Underground Storage Tank Program is funded with 90 percent federal funds and 10 percent RIT funds. The Hazardous Waste Program receives 25 percent of its funding from Resource Indemnity Trust funds and 75 percent from federal funds. The Solid Waste Program is supported by general fund.

Other Legislation:

House Bill 552 establishes a program to control the installation of underground storage tanks. This program includes provisions for licensing tank installers, permitting tank installations, inspection of installations, and authorizes the collection of fees for licensing, permitting and inspection activities. The bill appropriates $50,000 of this fee revenue to the department, and provides a $50,000 general fund loan to the fee account. There is a 0.25 FTE increase associated with this legislation.

House Bill 603 creates a petroleum tank release cleanup fund and a petroleum tank release compensation board, and statutorily appropriates a petroleum storage tank cleanup fee. The fee is paid by gasoline distributors based on the number of gallons they distribute.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $11,300 annually; 2) the pay plan adds about $45,000 to the fiscal 1990 budget and $95,500 to the fiscal 1991 budget; 3) the legislature added 9.75 FTE

and related expenses of $463,700 in fiscal 1990 and $406,100 in fiscal 1991 relating to legislation that was passed during the session (program expansions 6, 7, and 8); and 4) the legislature approved the revised executive proposal for superfund remedial studies which added $3.8 million per year to the operating budget. The remaining difference in the operating budgets results from the adjustment of indirect assessments. Other legislation adds $25,000 per year.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES — PROGRAM: WATER QUALITY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	44.25	44.25	45.25	1.00	44.25	45.25	1.00	1.00
Personal Services	$1,221,699	$1,305,971	$1,403,141	$ 97,170	$1,308,026	$1,450,984	$142,958	14.85
Operating Expenses	749,352	1,155,266	1,203,669	48,403	1,089,120	1,055,773	(33,347)	60.63
Equipment	44,472	25,220	28,020	2,800	9,610	9,610	0	(36.99)
Non-Operating	177,081	231,970	231,970	0	245,970	245,970	0	31.00
TOTAL EXPENSES	$2,192,604	$2,718,427	$2,866,800	$148,373	$2,652,726	$2,762,337	$109,611	30.75
FUNDING								
General Fund	$ 356,620	$ 137,965	$ 186,936	$ 48,971	$ 139,064	$ 191,308	$ 52,244	(47.58)
State Special Rev	182,646	561,830	504,797	(57,033)	495,134	444,138	(50,996)	176.38
Federal Revenue	1,653,338	2,018,632	2,175,067	156,435	2,018,528	2,126,891	108,363	31.56
TOTAL FUNDING	$2,192,604	$2,718,427	$2,866,800	$148,373	$2,652,726	$2,762,337	$109,611	30.75

Program Description: The Water Quality Bureau is responsible for maintaining water quality standards and enforcing water quality statutes. The bureau includes the following programs: 1) Water Quality Management; 2) Water Pollution Control; 3) Water Permits; 4) Construction Grants; 5) Ground Water; 6) Wastewater Operators; 7) Subdivisions; and 8) Safe Drinking Water.

Legislative Intent:

The funding for program expansion relating to pollution studies of the Clark Fork River and Lake Pend Oreille will be an $85,000 biennial appropriation.

The legislature included language in House Bill 100 providing that contingent upon passage of House Bill 757, there is appropriated $14,967 of general fund each year of the biennium to fund increased responsibilities of agricultural water monitoring.

Budget: Fiscal 1988 personal services costs include 1.00 FTE funded by Resource Indemnity Trust grants and 2.25 FTE authorized by budget amendment. These 3.25 FTE, a vacant 1.00 FTE position, and 0.25 FTE relating to a reduced

authorization in fiscal 1989 were excluded from the budget. The personal services budget for the 1991 biennium represents an increase of 1.00 FTE as a result of adding 5.50 FTE through program expansion. Personal services costs increase by 14.85 percent as a result of a 1.00 FTE increase in staffing level, $42,400 of fiscal 1990 pay plan costs, and $107,000 of fiscal 1988 vacancy savings.

Fiscal year 1988 operating expenses include $251,286 of expenses funded by Resource Indemnity Trust grants and budget amendments which were excluded, leaving a base level operating cost of $498,066.

Significant changes between base level expenditures and the operating budget are: 1) a $52,735 increase in contracts with non-profit organizations, which results from new federal requirements which specify that a percentage of funds be passed through to local government entities; 2) a $58,642 increase in indirect assessments; 3) a $4,257 increase in contracted services, and a $2,757 increase in travel expenses relating to increased activity in the Water Pollution Control Program; 4) a $4,070 increase in consulting services and lab fees in the Water Permits Program; 5) a $2,500 increase in hydrological sampling in the Ground Water Program; 6) a $28,000 increase in contractual services relating to expanded federal testing requirements in the Safe Drinking Water Program; and 7) a $528,487 increase relating to program expansion.

Major non-operating costs are summarized in Table 14.

Table 14
Water Quality Bureau - Non-Operating Costs

Type of Expense	Annual Cost	Source of Funds
Advance of Allowance Grants	$150,000	Federal EPA Construction Grants
Contracts with Local Health Agencies	40,000	Subdivision Plat Review Fees
Reimbursements to Cities for Review of Subdivision Plans	5,000	Subdivision Plat Review Fees
Public Wastewater Supply Inspection Contracts with Counties	28,970	Gen Fund (25%) & Fed Grants (75%)
Safe Drinking Water Grants	8,000*	Federal EPA Grant
Total	$231,970	

*Grant level is $8,000 in fiscal 1990 and $22,000 in fiscal 1991.

The advance of allowance grants are provided to small communities to fund the cost of planning and designing wastewater facilities. Subsequent federal grants for construction of the facilities are made directly to the communities.

The contracts with local health agencies and reimbursements to cities pays for their assistance in review of subdivision plans. The contracts with counties provide for inspection and sampling of local public water supply systems.

Program Expansions: The legislature approved the program expansion items summarized in Table 15.

Table 15
Program Expansion for the Water Quality Bureau

		Fiscal 1990			Fiscal 1991		
	FTE	Personal Services	Operating	Equipment	Personal Services	Operating	Equipment
1. Golden Maple Mine (Funding: St. Spec.-Insurance Proceeds)	0.00	$ -0-	$ 28,800	$ -0-	$ -0-	$ -0-	$ -0-
2. Monitoring Clark Fork (Funding: RIT)	1.00	32,848	75,261	-0-	32,866	74,517	-0-
3. Control of Non-point Pollution Sources (Funding: Federal)	2.00	51,858	44,149	-0-	51,884	44,121	-0-
4. Comprehensive Pollution Studies - Clark Fork River & Lake Pend Oreille (Funding: Federal)	0.00	-0-	85,000	-0-	-0-	-0-	-0-
5. Training - Construction Grants Program. (Funding: Federal)	0.50	12,608	8,577	-0-	12,616	7,786	-0-
6. Ground Water (Funding: Federal)	1.00	30,482	4,633	-0-	30,502	4,636	-0-
7. Safe Drinking Water (Funding: Federal)	0.00	-0-	184,963*	16,970	-0-	199,731**	2,410
8. Revolving Loan Program (HB601)	1.00	28,061	64,500	2,800	28,061	68,980	-0-
9. Clark Fork Coord - Governor	0.00	-0-	40,604	-0-	-0-	-0-	-0-
Total	5.50	$155,857	$536,487	$19,770	$155,929	$399,771	$2,410

*Includes grants of $8,000
**Includes grants of $22,000

1. The Golden Maple Mine program expansion continues monitoring surface and groundwater contamination at this location. Earmarked funds in the amount of $77,000 were received from an insurance settlement in fiscal 1988 for this purpose and this request is to continue the monitoring with the balance of these funds.

2. The Monitor Clark Fork program expansion provides water quality data and information necessary for making water quality management decisions about the Clark Fork River. Long-term uninterrupted data collection is necessary in order to evaluate trends in water quality.

3. The Non-Point Pollution program expansion authorizes use of federal funds for state planning to control non-point sources of pollution. DHES will use the funds to prepare and refine assessments of non-point source problems and plans to remedy non-point source problems as required under Section 319 of the Federal Clean Water Act.

4. The Comprehensive Pollution Studies program expansion authorizes use of federal funds for comprehensive studies of pollution damage and control in the Clark Fork River basin and Lake Pend Oreille.

5. The Training program expansion authorizes use of a federal training grant used to develop and implement a statewide training program for water and wastewater professionals.

6. The Ground Water program expansion authorizes continuation of a position to help the department coordinate their responsibilities with those of the underground tank program, oil and gas program, and hard rock mining control program.

7. The Safe Drinking Water program expansion authorizes activities relating to amendments to the Safe Drinking Water Act which mandate new regulations for the Water Quality Bureau. Areas affected by these mandates include filtration of all surface water sources, disinfection of all public water systems, and regulations for testing water contaminants.

8. The Revolving Loan program will fund 1.00 FTE and related operating expenses for administration of the new wastewater treatment works revolving loan program as per House Bill 601. The new program allows the state to apply for federal funds, matched by a 20 percent state share, to provide low-interest loans for water pollution control facilities.

9. The Clark Fork Coordinator - Governor program provides fiscal 1990 funding for the Clark Fork Coordinator position in the Governor's office.

Funding: Funding and staffing of bureau programs are summarized in Table 16.

Table 16
Water Quality Bureau - Staffing and Funding

	Fiscal 1990				Fiscal 1991			
	FTE	General Fund	Other Funds	Total	FTE	General Fund	Other Funds	Total
Management	4.85	$ 0	$ 297,006	$ 297,006	4.85	$ 0	$ 303,702	$ 303,702
Pollution Control	8.30	0	408,180	408,180	8.30	0	417,962	417,962
Water Permits	3.50	0	179,095	179,095	3.50	0	180,211	180,211
Construction Grants	8.30	0	485,617	485,617	8.30	0	496,261	496,261
Groundwater	1.00	0	68,174	68,174	1.00	0	69,065	69,065
Wastewater Operators	1.00	0	40,244	40,244	1.00	0	41,107	41,107
Subdivisions	3.30	171,969	0	171,969	3.30	176,341	0	176,341
Safe Drinking Water	9.50	0	485,426	485,426	9.50	0	496,250	496,250
Program Expansion	5.50	0	716,122	716,144	5.50	0	566,471	566,471
Other Legislation	0.00	14,967	0	14,967	0.00	14,967	0	14,967
Total	45.25	$186,936	$2,679,864	$2,866,800	45.25	$191,308	$2,571,029	$2,762,337

The Water Quality Management Program is funded by 25 percent RIT and 75 percent federal funds. The Pollution Control Program receives RIT funds to meet the state's required level of effort of $85,386 and receives the balance of its funding from federal grants. The Water Permits, Construction Grants, and Ground Water programs are entirely federally funded. The Wastewater Operator's Program is funded through license fees paid by local wastewater operators. The subdivision program budget is funded with general fund. The Safe Drinking Water Program receives RIT funds to meet the required state match of 25 percent and receives the balance from federal grants.

The decrease in general fund and increase in state special revenue funding for the bureau reflects the replacement of general fund with RIT interest funds.

Other Legislation:

House Bill 757 establishes the agricultural Ground Water Protection Program.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $24,100 annually; 2) the pay plan adds about $42,400 to the fiscal 1990 budget and $88,100 to the fiscal 1991 budget; 3) the legislature added 1.00 FTE and expenses of $95,361 in fiscal 1990 and $97,041 in fiscal 1991 relating to the passage of House Bill 601 (program expansion 8); and 4) the legislature approved an additional executive proposal to add $85,000 to the fiscal 1990 operating budget for federally-funded water quality studies. The adjustment of indirect assessments reduced the executive budget by about $114,000. Other legislation adds $14,967 to the executive budget.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES — PROGRAM: HEALTH SERVICES/MED FACILITIES

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	10.77	10.77	10.77	0.00	10.77	10.77	0.00	0.00
Personal Services	$342,936	$338,330	$355,848	$ 17,518	$339,201	$368,135	$ 28,934	3.77
Operating Expenses	228,214	336,129	295,540	(40,589)	337,704	303,401	(34,303)	29.50
Equipment	5,248	4,050	4,050	0	4,240	4,240	0	(22.83)
TOTAL EXPENSES	$576,398	$678,509	$655,438	$(23,071)	$681,145	$675,776	$ (5,369)	13.71
FUNDING								
General Fund	$358,061	$413,057	$387,265	$(25,792)	$414,259	$406,158	$ (8,101)	8.16
State Special Rev	21,794	44,565	44,565	0	44,702	44,702	0	104.48
Federal Revenue	196,543	220,887	223,608	2,721	222,184	224,916	2,732	13.77
TOTAL FUNDING	$576,398	$678,509	$655,438	$(23,071)	$681,145	$675,776	$ (5,369)	13.71

Program Description: The Health Services and Medical Facilities Division is responsible for improving and preserving the health of Montana residents. The Division Administration Program consists of the Administration Unit and the Emergency Medical Services Bureau. The Emergency Medical Services Bureau is responsible for planning, implementing, and coordinating statewide emergency medical services; managing the Ambulance Licensing Program; providing training and certification for emergency medical technicians; and administering the Montana Poison Control Program.

Budget: The personal services budget represents a continuation of current level staffing.

The operating budget increases primarily as a result of: 1) a $13,441 increase in seminar expenses resulting from increased demand for medical technician training; 2) a $44,500 increase in indirect assessments; and 3) a $3,283 increase in travel expenses.

Funding: Staffing and funding of division programs are summarized in Table 17.

Table 17
Health Services and Medical Services - Staffing and Funding

	Fiscal 1990				Fiscal 1991			
	FTE	General Fund	Other Funds	Total	FTE	General Fund	Other Funds	Total
Division Admin.	2.50	$ 79,117	$ 43,184	$122,301	2.50	$ 82,435	$ 43,306	$125,741
Emergency Med. Svcs.	8.27	308,148	224,989	533,137	8.27	323,723	226,312	550,035
Total	10.77	$387,265	$268,173	$655,438	10.77	$406,158	$269,618	$675,776

State special revenue increases as a result of anticipated increases in certification revenue in the Emergency Medical Technician Certification Program.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $6,900 annually; 2) the pay plan adds about $10,600 to the fiscal 1990 budget and $22,000 to the fiscal 1991 budget, and 3) adjustment of indirect charges reduced the executive budget by about $34,000.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES — PROGRAM: FAMILY/MATERNAL CHILD HEALTH

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	24.11	25.50	25.50	0.00	25.50	25.50	0.00	1.39
Personal Services	$ 551,213	$ 667,352	$ 705,162	$ 37,810	$ 668,795	$ 731,299	$ 62,504	27.93
Operating Expenses	1,130,092	1,339,485	1,283,576	(55,909)	1,340,153	1,284,129	(56,024)	13.60
Equipment	23,215	5,558	5,558	0	2,558	2,558	0	(76.06)
Non-Operating	10,600,543	11,957,560	11,979,402	21,842	12,789,273	12,811,164	21,891	13.01
TOTAL EXPENSES	$12,305,063	$13,969,955	$13,973,698	$ 3,743	$14,800,779	$14,829,150	$ 28,371	13.56
FUNDING								
General Fund	$ 28,381	$ 50,000	$ 56,705	$ 6,705	$ 50,000	$ 63,910	$ 13,910	99.80
Federal Revenue	12,276,682	13,919,955	13,916,993	(2,962)	14,750,779	14,765,240	14,461	13.36
TOTAL FUNDING	$12,305,063	$13,969,955	$13,973,698	$ 3,743	$14,800,779	$14,829,150	$ 28,371	13.56

Program Description: The bureau is responsible for the Child Nutrition Program, the Supplemental Food Program for Women, Infants and Children (WIC), the Family Planning Program, and the Handicapped Children Program. Maternal and Child Health Block Grants to counties are also included in the bureau's budget.

Budget: Fiscal 1988 personal services costs include a 0.61 FTE funded by budget amendment not included in the 1991 biennium budget. The personal services budget for the 1991 biennium represents an increase of 2.00 FTE resulting from program expansion. Personal services expenses increase as a result of the increase in the FTE level, vacancy savings of about $86,000 in fiscal 1988, and fiscal 1990 pay plan costs of about $23,000.

The operating budget has increased primarily as a result of: 1) a $24,000 increase in audit costs which are federally reimbursed audits of providers in the Child Nutrition Program; 2) a $14,733 increase in seminar expenses which are primarily related to increased demand for training for rural nurses; 3) a $46,542 increase in indirect assessments; and 4) a $55,317 increase relating to program expansion.

Non-operating costs for fiscal 1988 and 1990 are summarized in Table 18.

Table 18
Maternal/Child Health Bureau - Non-Operating Costs

Type of Expense	Actual 1988	Appropriated 1990	Source of Funds
Grants to Local Child Care Food Programs	$ 2,818,419	$3,598,839	Federal
Administrative Grants to Local Supplemental Food Agencies	1,161,462	1,161,462	Federal
Supplemental Food Grants to Eligible Individuals	4,838,837	5,663,102	Federal
Family Planning Grants to Counties and Local Agencies	904,261	882,730	Federal*
MCH Grants to Counties to Provide Services to Women and Children	877,564	673,269	Federal
Total	$10,600,543	$11,979,402	

*Also includes $50,000 of general fund

The child care food grants provide reimbursement for nutritional meals served to children enrolled in licensed, approved child care centers. The supplemental food grants provide selected foods to supplement diets of pregnant women, infants, and children up to age five. The family planning grants support programs which provide comprehensive family planning services. The MCH grants to counties fund various county-level programs providing services to women and children.

Program Expansions: The legislature approved the program expansion items summarized in Table 19.

Table 19
Program Expansion for the Maternal and Child Health Bureau

	FTE	Fiscal 1990 Personal Services	Fiscal 1990 Operating Expenses	Fiscal 1990 Equipment	Fiscal 1991 Personal Services	Fiscal 1991 Operating Expenses	Fiscal 1991 Equipment
1. The Children with Special Health Care Needs (Funding: Federal)	0.50	$ 8,474	$41,812	$2,558	$8,480	$41,799	$2,558
2. Staff Development (Funding: Federal)	1.50	$34,379	$13,505	-0-	$34,402	$13,479	-0-

1. The Children with Special Health Care Needs program expansion supports a program for family-centered, community-based case management for the child with special health care needs. This program is targeted to the small rural communities in the state.

2. The Staff Development program expansion will provide ongoing capability for planning and evaluation of state and local maternal and child health needs through a coordinated approach.

Funding: Staffing and funding of division programs is summarized in Table 20. As shown, all programs are supported entirely with federal funds except for $50,000 per year of general fund for family planning grants and pay plan costs of $6,705 in fiscal 1990 and $13,910 in fiscal 1991. In the 1989 biennium, general fund was used in each year to support bureau administration, but this has been replaced with block grant funds in the 1991 biennium.

Table 20
Maternal Child Health Bureau - Staffing and Funding

	Fiscal 1990				Fiscal 1991			
	FTE	General Fund	Other Funds	Total	FTE	General Fund	Other Funds	Total
Bureau Admin.	3.00	$ 3,249	$ 239,964	$ 243,213	3.00	$ 6,732	$ 240,200	$ 246,932
Child Nutrition	3.50	-0-	3,760,592	3,760,592	3.50	-0-	4,232,589	4,232,589
WIC	9.00	-0-	7,248,650	7,248,650	9.00	-0-	7,619,654	7,619,654
Family Planning	4.00	50,000	1,055,747	1,105,747	4.00	50,000	1,059,709	1,109,709
Handicapped Children	4.00	3,456	836,396	839,852	4.00	7,178	836,639	843,817
MCH Block Grants	0.00	-0-	673,269	673,269	0.00	-0-	672,316	672,316
Program Expansion	2.00	-0-	102,375	102,375	2.00	-0-	104,133	104,133
Total	25.50	$ 56,705	$13,916,993	$13,973,698	25.50	$63,910	$14,765,240	$14,829,150

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $12,800 annually; and 2) the pay plan adds about $22,800 to the fiscal 1990 budget and $47,500 to the fiscal 1991 budget. The operating budget approved by the legislature is lower than the executive proposal as a result of the adjustment of indirect assessments.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES — PROGRAM: PREVENTIVE HEALTH

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	17.02	22.50	23.50	1.00	22.50	23.50	1.00	6.48
Personal Services	$ 492,838	$ 649,892	$ 706,733	$ 56,841	$ 651,520	$ 732,360	$ 80,840	43.40
Operating Expenses	738,860	991,409	1,281,939	290,530	1,077,334	1,365,479	288,145	73.50
Equipment	19,136	29,850	31,470	1,620	0	0	0	64.45
Non-Operating	24,445	11,968	11,968	0	11,968	11,968	0	(51.04)
TOTAL EXPENSES	$1,275,279	$1,683,119	$2,032,110	$348,991	$1,740,822	$2,109,807	$368,985	59.35
FUNDING								
General Fund	$ 416,210	$ 331,121	$ 644,494	$313,373	$ 326,354	$ 646,147	$319,793	54.85
State Special Revenue	0	0	52,702	52,702	0	54,849	54,849	N/A
Federal Revenue	859,069	1,351,998	1,334,914	(17,084)	1,414,468	1,408,811	(5,657)	55.39
TOTAL FUNDING	$1,275,279	$1,683,119	$2,032,110	$348,991	$1,740,822	$2,109,807	$368,985	59.35

Program Description: The Preventive Health Bureau administers the: 1) Perinatal Program which provides services directed towards improving the care of mothers and babies; 2) Dental Program which provides consultation and services designed to reduce tooth decay; 3) Behavioral Risk Program which collects health data; 4) Health Education and Risk Reduction Program which manages resources and activities directed at promoting health and reducing disease; 5) Communicable Diseases Program which provides surveillance and control of reportable infectious diseases; 6) Sexually Transmitted Diseases Program which provides services to reduce and eliminate sexually transmitted disease; 7) Immunization Program which provides vaccine to reduce the incidence of preventable childhood disease; 8) Rape Crisis Program which provides grants to rape crisis intervention programs; 9) Renal Program which provides medical payments to victims of severe kidney disease; and 10) Rabies Program which provides vaccine to rabies victims.

Legislative Intent: House Bill 100 includes language directing the department to reallocate funds equal to $46,541 in fiscal 1990 and $46,675 in fiscal 1991 from existing appropriations in House Bill 100 to the Montana Initiative for Abatement of Mortality in Infants Project.

Budget: Fiscal 1988 personal services expenses include 2.02 FTE that were added through the budget amendment process and not included in the 1991 biennium. Two additional FTE were transferred from the program in fiscal 1989.

The personal services budget for the 1991 biennium represents an increase of 10.50 FTE resulting from program expansion. The personal services budget increases by 43.4 percent as a result of the increases in the FTE level and $22,100 of pay plan costs.

Fiscal year 1988 operating expenses include $318,552 of expenses related to budget amendments leaving base level operating costs of $420,308. The primary change between base level expenditures and the proposed operating budget are: 1) a $35,518 increase in indirect assessments; 2) a $1,999 increase in travel costs in the Sexually Transmitted Disease and Immunization programs; 3) a $7,462 increase in printing costs relating to the need to publish additional information in the Immunization Program; and 4) a $478,834 increase relating to program expansion. Other legislation adds $344,150. These increases were offset by about $20,000 of decreases in various operating expense categories.

Program Expansions: The legislature approved the program expansion items summarized in Table 21.

Table 21
Program Expansion for the Preventive Health Bureau

	Fiscal 1990				Fiscal 1991		
	FTE	Personal Services	Operating	Equipment	Personal Services	Operating	Equipment
1. Low Birthweight (Funding: MCH Block Grant)	0.00	$ -0-	$ 66,000	$ -0-	$ -0-	$ 65,000	$ -0-
2. AIDS (Funding: Federal)	8.00	196,772	338,575	28,650	197,069	427,861	-0-
3. Chronic Disease (Funding: Federal)	1.50	40,145	46,700	-0-	40,172	46,664	-0-
4. MIAMI Project (Funding: General Fund)	1.00	30,510	27,559	-0-	30,527	20,140	-0-
Total	10.50	$267,427	$478,834	$28,650	$267,768	$559,665	$ -0-

1. The Low Birthweight program expansion continues the Low Birthweight Prevention Projects with expansion to at least four additional counties. The goal of this project is to improve the outcome of pregnancy in Montana by reducing the risk of preventable mortality, morbidity, and disability during the perinatal period.

2. The AIDS program expansion continues the Montana AIDS Project at a level of anticipated federal revenues. This program is responsible for detecting and preventing the further spread of the AIDS virus in the state's population.

3. The Chronic Disease program expansion supports efforts under a cooperative agreement to assist the State of Montana in developing a chronic disease control project. This will be done in coordination with the federal Centers for Disease Control.

4. The MIAMI project program expansion funds the Montana Initiative for Abatement of Mortality in Infants Program established by House Bill 773. This program is designed to assure that mothers and children receive quality maternal and child health services, reduce infant mortality and low birthweight, and prevent health problems associated with inadequate prenatal care.

Funding: Staffing and funding of division programs are summarized in Table 22.

Table 22
Preventive Health Bureau - Staffing and Funding

	Fiscal 1990				Fiscal 1991			
	FTE	General Fund	Other Funds	Total	FTE	General Fund	Other Funds	Total
Perinatal Program	4.00	$ 5,263	$ 222,561	$ 227,824	4.00	$ 11,004	$ 223,017	$ 234,021
Dental	1.00	20,795	74,383	95,178	1.00	21,958	73,702	95,660
Behavioral Risk	0.00	0	14,511	14,511	0.00	0	14,511	14,511
Health Education	1.00	1,002	53,653	54,655	1.00	2,086	53,900	55,986
Communicable Disease	1.00	48,921	0	48,921	1.00	49,988	0	49,988
STD	0.00	0	23,303	23,303	0.00	0	22,187	22,187
Immunization	6.00	41,294	209,622	250,916	6.00	41,294	215,981	257,275
Rape Crisis	0.00	0	11,968	11,968	0.00	0	11,968	11,968
Renal	0.00	125,000	0	125,000	0.00	125,000	0	125,000
Rabies	0.00	0	52,702	52,702	0.00	0	54,849	54,849
Program Expansion	10.50	58,069	724,913	782,982	10.50	50,667	793,545	844,212
Other Legislation	0.00	344,150	0	344,150	0.00	344,150	0	344,150
Total	23.50	$644,494	$1,387,616	$2,032,110	23.50	$646,147	$1,463,660	$2,109,807

The Dental, Communicable Disease, Immunization, and Renal programs receive general fund support. The federal funding for the Perinatal, Dental, Health Education, and Rape Crisis programs is from the Preventive Health and Maternal/Child Health Block Grants. The Rabies Program is supported by funds received from users of rabies vaccine. The federal funding for the other programs is from program specific federal grant sources.

Other Legislation:

House Bill 402 appropriates $688,300 for the biennium for continuation of the genetics program. This is a voluntary program established to offer testing, counseling, and education to parents and prospective parents. This appropriation is shown as $344,150 appropriated in each year of the biennium.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $3,200 annually; 2) the pay plan adds about $22,100 to the fiscal 1990 budget and $46,000 to the fiscal 1991 budget; and 3) the legislature added 1.00 FTE and operating expenses of $27,559 in fiscal 1990 and $20,140 in fiscal 1991 relating to the MIAMI project established by House Bill 773. Other legislation adds $344,150 to the operating budget. The operating budget approved by the legislature is about $55,000 lower than the executive proposal as a result of the adjustment of indirect assessments.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

PROGRAM: LICENSING & CERTIFICATION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	27.35	36.55	32.55	(4.00)	36.55	32.55	(4.00)	5.20
Personal Services	$716,425	$ 946,380	$ 906,380	$ (40,000)	$ 947,907	$ 938,250	$ (9,657)	26.51
Operating Expenses	226,116	741,296	658,670	(82,626)	744,066	661,783	(82,283)	191.30
Equipment	5,722	40,160	40,160	0	9,500	9,500	0	601.85
TOTAL EXPENSES	$948,263	$1,727,836	$1,605,210	$ (122,626)	$1,701,473	$1,609,533	$(91,940)	69.28
FUNDING								
General Fund	$311,407	$ 454,152	$ 418,189	$ (35,963)	$ 450,902	$ 424,056	$(26,846)	34.29
Federal Revenue	636,856	1,273,684	1,187,021	(86,663)	1,250,571	1,185,477	(65,094)	86.39
TOTAL FUNDING	$948,263	$1,727,836	$1,605,210	$ (122,626)	$1,701,473	$1,609,533	$(91,940)	69.28

Program Description: The Licensing and Certification Bureau issues licenses, grants medicaid certification, and recommends medicare certification for a variety of health care providers. The bureau is also responsible for legal enforcement duties concerning state, and federal laws governing health care providers.

Budget: Fiscal 1988 personal services expenses include 1.80 FTE funded through a supplemental appropriation which is not included in the 1991 biennium budget. The personal services budget for the 1991 biennium represents an increase of 7.00 FTE which results from program expansion. The personal services budget increases by 26.5 percent as a result of the increased FTE level and $28,200 of pay plan costs.

Fiscal 1988 operating expenses include $32,142 of costs funded by a supplemental and not included in current level operations. The primary changes between base level expenditures and the current operating budget are: 1) a $48,344 increase in indirect assessments; 2) a $5,091 increase in rent; 3) a $15,807 travel expense relating to increased licensing and certification activity; and 4) a $383,379 increase relating to program expansion, and 5) about $13,000 of increases in various other expense categories.

The equipment budget funds computer equipment and other equipment for the OBRA requirements.

Program Expansions: The legislature approved the program expansion items summarized in Table 23. All items are funded with federal Medicaid and Medicare funds, and general fund.

Table 23
Program Expansions for the Licensing and Certification Bureau

		Fiscal 1990			Fiscal 1991		
	FTE	Personal Services	Operating	Equipment	Personal Services	Operating	Equipment
1. Supplemental Licensing and Certification	0.00	$ -0-	$ 50,000	$ -0-	$ -0-	$ 50,556	$ -0-
2. OBRA	6.00	135,928	319,063	30,000	136,006	317,200	7,000
3. OBRA related - relating to facilities with laboratories.	1.00	25,929	14,316	2,500	25,942	14,318	2,500
Total	7.00	$161,857	$383,379	$ 32,500	$161,948	$382,074	$9,500

1. The Supplemental Licensing program expansion funds inspection activities relating to an increased workload resulting from new federal regulations and the growth in the number of health care facilities that must be surveyed.

2. The OBRA program expansion relates to passage of the Omnibus Budget Reconciliation Act of 1987 which has mandated major changes in the way nursing homes deliver services, staff their facilities, are inspected by government agencies, and are sanctioned when services do not measure up. OBRA mandates more indepth surveys of nursing home facilities; training for state staff, facility staff, and facility residents; a home health toll free number; nurse's aide training and the maintaining of a nurse aide registry of all competent trained nurses; and the surveying and certification of independent physicians' office laboratories.

Funding: The program is funded by general fund and federal medicare and medicaid funds. The increased activity in this program will increase both general fund and federal support levels.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $16,600 annually; 2) the pay plan adds about $28,200 to the fiscal 1990 budget and $58,500 to the fiscal 1991 budget; and 3) the legislature deleted 4.00 FTE from the executive proposal which reduced costs by about $85,700 per year. The difference in the operating budgets results from the adjustment of indirect assessments.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

PROGRAM: HEALTH PLANNING & RESOURCE DEVELOPMENT

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	4.75	4.75	4.75	0.00	4.75	4.75	0.00	0.00
Personal Services	$135,496	$144,431	$151,951	$ 7,520	$144,849	$157,307	$ 12,458	12.14
Operating Expenses	24,515	57,955	42,480	(15,475)	58,036	42,517	(15,519)	73.28
Equipment	324	0	0	0	0	0	0	(100.00)
TOTAL EXPENSES	$160,335	$202,386	$194,431	$ (7,955)	$202,885	$199,824	$ (3,061)	21.27
FUNDING								
General Fund	$160,335	$202,386	$194,431	$ (7,955)	$202,885	$199,824	$ (3,061)	21.27

Program Description: The Health Planning and Resource Development Bureau has three primary functions: 1) administration of the Certificate of Need Program, which determines whether proposed medical facility construction or expansion is appropriate and necessary; 2) production of the state health plan, which is used in the certificate of need process; and 3) collection, maintenance, and distribution of health facility, service, and staffing data.

Legislative Intent: House Bill 100 includes language providing that any savings in the Health Planning budget resulting from the exclusion of hospitals from the Certificate of Need Program shall be used to support the Montana Initiative for the Abatement of Infant Mortality (MIAMI) project.

Budget: The personal services budget represents a continuation of current level staffing.

The only significant change between base level expenditures and the proposed operating budget is a $18,275 increase in indirect assessments.

Funding: The program is funded entirely by general fund. This program was supported by federal and general funds prior to fiscal 1988. Federal funding decreased steadily in fiscal years 1985 through 1987.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $2,900 annually; and 2) the pay plan adds about $4,600 to the fiscal 1990 budget and $9,500 to the fiscal 1991 budget. The difference in the operating budgets results from the adjustment of indirect assessments.

LEGISLATIVE ACTION

AGENCY: DOLI/EMPLOYMENT SERVICES — PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	623.15	599.30	582.34	16.96	598.55	582.25	(16.30)	(40.81)
Personal Services	$13,865,153	$14,942,607	$15,366,617	$ 424,010	$14,960,740	$15,941,050	$ 980,310	10.83
Operating Expenses	6,229,141	7,117,519	6,899,686	(217,833)	7,100,203	6,897,789	(202,414)	10.76
Equipment	555,596	505,643	479,884	(25,759)	413,819	406,919	(6,900)	(13.63)
Non-Operating	9,348,530	11,657,846	9,634,284	(2,023,562)	13,959,557	12,364,614	(1,594,943)	3.06
TOTAL EXPENSES	$29,998,420	$34,223,615	$32,380,471	$(1,843,144)	$36,434,319	$35,610,372	$ (823,947)	7.94
FUNDING								
General Fund	$ 1,854,827	$ 1,317,016	$ 259,468	$(1,057,548)	$ 1,637,423	$ 452,870	$(1,184,553)	(86.01)
State Special Rev	176,066	306,191	330,162	23,971	305,937	338,517	32,580	87.52
Federal Revenue	25,600,683	32,596,908	29,066,295	(3,530,613)	34,487,459	32,047,873	(2,439,586)	13.54
Proprietary Fund	2,366,844	3,500	2,724,546	2,721,046	3,500	2,771,112	2,767,612	15.11
TOTAL FUNDING	$29,998,420	$34,223,615	$32,380,471	$(1,843,144)	$36,434,319	$35,610,372	$ (823,947)	7.94

Agency Description: The department enforces state wage and hour laws, provides for apprenticeships, hears classification and unemployment insurance disputes, and enforces state and federal anti-discrimination in employment laws. The department also collects and disburses state unemployment funds, acts as an employment agency, provides training, and oversees federal Job Training Partnership Act (JTPA) grants.

Budget: The total staffing level is reduced by 40.81 FTE as a result of the elimination of long vacant positions, and elimination of the general assistance training (project work) program.

Operating expenses increase 10.8 percent. About half of that increase occurs in the federally funded Employment Policy Division where there was a $433,000 increase in operating expenses. Other operating expense increases were $154,000 in the Job Service Division, $106,000 in the Employment Relations Division, and $89,000 in the Centralized Services Division.

The equipment budget primarily provides for office equipment and furniture for the Job Service Division and computers for the Unemployment Insurance, Centralized Services, Employment Relations, and Employment Policy divisions.

The non-operating budget is federal Job Training Partnership Act grants to the various program operators who provide job-training services. The budget levels represent anticipated federal grant levels.

Funding: Most department programs are funded from federal sources. Federal funding sources represent 90 percent of funding in the fiscal 1990 budget approved by the legislature.

The general fund portion of the department's budget decreases because the Project Work Program is now funded through the Department of Social and Rehabilitation Services, and because of legislative action which funded some programs with proceeds from the unemployment insurance administration account. Legislation passed in 1983 (Section 39-51-404(4), MCA) established the unemployment insurance administration account to generate revenue to offset the potential reduction in federal support of the Job Service Division. The account is funded through an assessment of 0.10 percent of all wages subject to unemployment taxes and 0.05 percent of total wages paid by employers not covered by an experience rating. All assessments must be deposited in the unemployment insurance administration account. Any assessments deposited to the unemployment insurance administration account that are not appropriated by the legislature must be transferred to the unemployment insurance trust fund account. Total collections for the fund were about $2.3 million per year in fiscal years 1986 and 1987, and $2.4 million in fiscal 1988. There were no appropriations from this fund during this period and these funds were deposited in the unemployment insurance trust fund. Actual and projected trust fund balances provided by the department show that the fund has increased steadily in recent years. This data is shown in Table 1. Statutorily mandated rate adjustments may prevent the fund balance from growing to the projected levels.

Table 1
Montana Unemployment Insurance Trust Fund
Actual and Projected Fund Balance - Fiscal Years 1986 through 1991

Fiscal Year	Fund Balance
1986	$15,364,564
1987	31,312,873
1988	47,163,049
Projected	
1989	64,200,000
1990	76,300,000
1991	81,900,000

Allocations of revenue from the unemployment insurance administration tax account are summarized in Table 2. As shown, the proposed budget allocates about $2.2 million in fiscal 1990 and $2.5 million in fiscal 1991.

Table 2
Allocation of Unemployment Insurance Administration Tax

Program	Fiscal 1990	Fiscal 1991
Job Service	$ 551,389	$ 769,902
Employment Relations	734,057	772,720
Employment Policy	248,463	251,136
New Horizons, Displaced Homemaker, and Dislocated Worker	676,946	712,752
Total	$2,210,855	$2,506,510

LEGISLATIVE ACTION

AGENCY: DOLI/EMPLOYMENT SERVICES

PROGRAM: JOB SERVICE DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	331.45	309.60	315.60	6.00	307.85	313.85	6.00	(15.85)
Personal Services	$ 7,377,760	$ 7,681,325	$ 8,230,237	$548,912	$ 7,660,326	$ 8,495,114	$834,788	11.55
Operating Expenses	2,767,180	2,913,589	2,921,222	7,633	2,876,753	2,885,711	8,958	5.57
Equipment	294,535	158,065	158,065	0	103,764	103,764	0	(46.33)
Non-Operating	453,313	22,000	22,000	0	0	0	0	(95.15)
TOTAL EXPENSES	$10,892,788	$10,774,979	$11,331,524	$556,545	$10,640,843	$11,484,589	$843,746	4.03
FUNDING								
State Special Rev	$ 58,122	$ 84,649	$ 87,011	$ 2,362	$ 84,637	$ 89,158	$ 4,521	49.70
Federal Revenue	10,834,666	10,690,330	11,244,513	554,183	10,556,206	11,395,431	839,225	3.78
TOTAL FUNDING	$10,892,788	$10,774,979	$11,331,524	$556,545	$10,640,843	$11,484,589	$843,746	4.03

Program Description: The Job Service Division acts as a labor exchange through the job service offices throughout the state by listing available jobs and referring qualified personnel to employers.

Budget: The 1987 legislature approved 340 FTE and 1.75 FTE were added in fiscal 1988 through the budget amendment process, but 2.50 FTE were transferred to the Employment Policy Division, and 7.80 FTE were transferred to the General Assistance Training Program in fiscal 1988. One additional FTE will be transferred to the Employment Policy Division in fiscal 1990. The legislature is authorizing 315.60 FTE for fiscal 1990 and 313.85 FTE for fiscal 1991. The reduction of 15.85 FTE results from elimination of vacant positions. Personal services costs increase by 11.6 percent over the fiscal 1988 level because of $492,000 of vacancy savings in fiscal 1988 and a $268,000 increase in fiscal 1990 relating to the pay plan.

The operating expense budget increases primarily as a result of: 1) a $92,622 increase for statewide indirect assessments; and 2) a $76,203 increase for department indirect assessments.

Funding: Program funding includes approximately $87,000 per year in state special revenue from Workers' Compensation funds. Federal funds consist of an Employment Training Council grant, federal job service funds, and Unemployment Insurance Administration tax.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $156,000 annually; 2) the pay plan adds about $268,000 to the fiscal 1990 budget and $554,000 to the fiscal 1991 budget; and 3) the legislature approved 6.00 FTE that were not included in the executive budget at an annual cost of $124,000. The difference in the operating budgets results from adjustment of indirect assessments.

LEGISLATIVE ACTION

AGENCY: DOLI/EMPLOYMENT SERVICES

PROGRAM: UNEMPLOYMENT INSURANCE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	88.90	84.90	84.90	0.00	84.90	84.90	0.00	(4.00)
Personal Services	$1,719,586	$1,906,394	$2,017,586	$111,192	$1,911,327	$2,100,501	$189,174	17.33
Operating Expenses	1,219,300	1,299,126	1,231,071	(68,055)	1,277,119	1,216,478	(60,641)	0.97
Equipment	100,553	65,000	65,000	0	45,000	45,000	0	(35.36)
TOTAL EXPENSES	$3,039,439	$3,270,520	$3,313,657	$ 43,137	$3,233,446	$3,361,979	$128,533	9.02
FUNDING								
Federal Revenue	$3,039,439	$3,270,520	$3,313,657	$ 43,137	$3,233,446	$3,361,979	$128,533	9.02

Program Description: The Unemployment Insurance Division is responsible for the administration of state and federal unemployment insurance laws. The division collects unemployment insurance taxes and makes payments to eligible recipients. This program also manages the unemployment insurance trust fund.

Budget: The personal services budget represents a reduction of 4.00 FTE as a result of the elimination of vacant positions. Personal service expenses increase by 17.3 percent as a result of a $189,000 vacancy savings in fiscal 1988 and a $72,000 increase in fiscal 1990 because of the pay plan.

Significant changes in the operating budget include: 1) a $47,386 decrease in the cost of providing data processing services; 2) a $19,738 decrease in consulting services; 3) a $6,842 increase in printing costs for benefit checks; 4) a $6,741 increase in maintenance contracts for recently purchased equipment; and 5) a $63,448 increase in indirect assessments. The equipment budget funds computer equipment and software.

Funding: Unemployment insurance is entirely funded by federal unemployment insurance funds.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $39,000 annually; 2) the pay plan adds about $72,000 to the fiscal 1990 budget and $150,000 to the fiscal 1991 budget; and 3) the executive budget included about $100,000 more per year for computer operating costs than was approved by the legislature. The remaining difference in the operating budgets results from the adjustment of indirect assessments.

LEGISLATIVE ACTION

AGENCY: DOLI/EMPLOYMENT SERVICES

PROGRAM: CENTRALIZED SERVICES

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	70.00	68.00	67.00	(1.00)	68.00	67.00	(1.00)	(3.00)
Personal Services	$1,567,123	$1,786,989	$1,858,205	$ 71,216	$1,790,887	$1,927,617	$ 136,730	18.57
Operating Expenses	729,888	809,437	818,902	9,465	789,152	798,345	9,193	12.20
Equipment	69,833	43,939	43,939	0	41,650	41,650	0	(37.08)
TOTAL EXPENSES	$2,366,844	$2,640,365	$2,721,046	$ 80,681	$2,621,689	$2,767,612	$ 145,923	14.97
FUNDING								
Federal Revenue	$ 0	$2,640,365	$ 0	$(2,640,365)	$2,621,689	$ 0	$(2,621,689)	0.00
Proprietary Fund	2,366,844	0	2,721,046	2,721,046	0	2,767,612	2,767,612	14.97
TOTAL FUNDING	$2,366,844	$2,640,365	$2,721,046	$ 80,681	$2,621,689	$2,767,612	$ 145,923	14.97

Program Description: Centralized Services provides overall management and support services to the Department of Labor and Industry, including legal assistance, personnel hiring and training, data processing, and budgeting.

Legislative Intent: The $38,500 in fiscal 1991 contracted services expenses for data processing conversion is a one-time appropriation.

Budget: The personal services budget for the 1991 biennium represents a reduction of 3.00 FTE as a result of the elimination of vacant positions. Personal services expenses increase by 18.6 percent because there was a $242,000 vacancy savings in fiscal 1988 and the pay plan adds $61,000 to the fiscal 1990 budget. Significant changes in the operating expenses include: 1) a $15,629 increase in insurance costs; 2) a $6,172 increase in costs associated with the on-line entry system for the state accounting system; 3) a $12,822 increase in rent costs; 4) a $14,717 increase in maintenance contracts for recently purchased equipment; 5) a $7,141 increase in assessments for statewide indirect costs; 6) a $17,460 increase in department indirect assessments (assessed only against the data processing unit); 7) a $12,000 increase in data network charges, and 8) an $8,339 increase for subscription fees to cover the cost of on-going technical data processing assistance.

The equipment budget funds computer equipment and software.

Funding: Centralized Services is entirely funded by charges made to other programs of the Department of Labor and Industry, including the Division of Workers' Compensation. The executive budget proposal classified the indirect assessments as federal revenue, but the legislature continued these funds as proprietary.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $36,000 annually; 2) the pay plan adds about $61,000 to the fiscal 1990 budget and $126,000 to the fiscal 1991 budget; and 3) the legislature eliminated 1.00 FTE which reduced the personal services budget by about $26,000 per year. The difference in the operating budgets results from the adjustment of indirect assessments.

LEGISLATIVE ACTION

AGENCY: DOLI/EMPLOYMENT SERVICES

PROGRAM: EMPLOYMENT RELATIONS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	53.50	54.50	55.00	0.50	54.50	55.50	1.00	1.50
Personal Services	$1,290,008	$1,488,157	$1,578,203	$ 90,046	$1,489,923	$1,644,693	$154,770	22.34
Operating Expenses	459,988	558,404	566,158	7,754	553,661	565,235	11,574	23.08
Equipment	29,588	41,759	16,000	(25,759)	25,600	18,700	(6,900)	(45.92)
TOTAL EXPENSES	$1,779,584	$2,088,320	$2,160,361	$ 72,041	$2,069,184	$2,228,628	$159,444	21.40
FUNDING								
General Fund	$ 601,889	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	(100.00)
State Special Rev	117,944	221,542	243,151	21,609	221,300	249,359	28,059	106.16
Federal Revenue	1,059,751	1,863,278	1,913,710	50,432	1,844,384	1,975,769	131,385	80.58
Proprietary Fund	0	3,500	3,500	0	3,500	3,500	0	0.00
TOTAL FUNDING	$1,779,584	$2,088,320	$2,160,361	$ 72,041	$2,069,184	$2,228,628	$159,444	21.40

Program Description: The Employment Relations Division includes the five-member Board of Personnel Appeals, the three-member Board of Labor Appeals, and three bureaus: 1) Audit, which performs auditing and other special services for the department; 2) Appeals, which provides mediation, fact finding, and arbitration services and conducts administrative hearings on collective bargaining matters and classification on the Wage Payment Act; and 3) Investigations, which administers and enforces state laws on wages, hours, working conditions, child labor, contractors' bonds, restaurant and tavern bonds, and employment agency licensure. It also conducts representation elections and investigates collective bargaining petitions and employee grievances. The division also includes the Workers' Compensation Mediation Unit.

The Workers' Compensation Mediation Panel was authorized by the 1987 legislature in Senate Bill 315. The panel was funded for fiscal 1988 but was not in place at the beginning of the year. Less than half of the funds appropriated for the mediation panel were actually spent in fiscal 1988.

Budget: The personal services budget represents an increase of 1.50 FTE which is associated with program expansion. The remaining increases in the personal services budget occur because there was a $157,000 vacancy savings in fiscal 1988 and the pay plan adds $49,000 to the fiscal 1990 budget.

Significant changes in operating expenses include: 1) an $8,104 increase in consulting services, which are associated with the grievance process; 2) a $12,266 increase in Secretary of State filing fees and printing costs as a result of required updates of wage and hour laws; 3) an $11,600 increase in long-distance charges, which are attributable to teleconferences of the Workers' Compensation Mediation Panel; 4) an $11,964 increase in in-state travel costs, which are attributable to the Workers' Compensation Mediation Panel; 5) a $36,416 increase in indirect assessments; 6) a $12,000 increase in computer maintenance contracts; and 7) $7,680 of operating expenses related to program expansion.

Equipment expenses are related to office equipment, single-user computers, and software.

Program Expansion: The legislature approved three program expansion items as listed in Table 3. These items are funded with unemployment insurance administration tax revenues.

Table 3
Program Expansions for the Employment Relations Division

		Fiscal 1990			Fiscal 1991		
	FTE	Personal Services	Operating	Equipment	Personal Services	Operating	Equipment
1. Enforcement Officer	1.00	$25,082	$5,430	$ -0-	$25,090	$5,402	$ -0-
2. Citizen Board	0.00	3,000	-0-	-0-	3,000	-0-	-0-
3. Wage Claims HB 28	0.50*	11,094	2,250	-0-	22,188	4,500	-0-

*1.00 in FY 91

1. The State Attorney General released an opinion providing that prevailing wage-rate provisions must be expanded to include all service contracts as well as construction contracts. This program expansion includes staffing and related costs for the enforcement of these provisions. The cost of the modification is $30,512 in fiscal 1990 and $30,492 in fiscal 1991. Funding will be from unemployment insurance administration tax revenues.

2. The citizen board program expansion creates a citizen board to review all hearing examiner decisions relating to prevailing wage and wage payment acts. The cost is funded from unemployment insurance administration tax revenues.

3. The wage claims program expansion funds the expenses associated with the increased responsibilities for enforcement and monitoring of minimum wage claims created by House Bill 28.

Funding: The Audit Bureau is supported by those programs using the bureau within the Department of Labor and Industry. The Investigations and Appeals Bureaus are funded from unemployment insurance administration tax proceeds. The state special revenue is workers' compensation funding for its share of bureau activities. The federal funds are from the federal fund sources for the programs serviced by this bureau. Other funds are proceeds from the sale of case decisions.

Other Legislation:

House Bill 28 revised the state minimum wage laws. Because this action will require the department to enforce all minimum wage claim cases rather than just state-rate claims, the budget was increased by $13,344 and 0.50 FTE in fiscal 1990 and by $16,688 and 1.00 FTE in fiscal 1991.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $30,000 annually; 2) the pay plan adds about $49,000 to the fiscal 1990 budget and $102,000 to the fiscal 1991 budget; and 3) the increased work associated with the passage of House Bill 28 added 0.50 FTE and $13,000 to the fiscal 1990 budget and 1.00 FTE and $27,000 to the fiscal 1991 budget. The difference in the operating budgets results from the adjustment of indirect assessments. The legislature reduced the equipment budget by $25,700 in fiscal 1990 and $6,900 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: DOLI/EMPLOYMENT SERVICES

PROGRAM: EMPLOYMENT POLICY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	43.50	45.00	47.00	2.00	46.00	48.00	2.00	3.50
Personal Services	$1,150,797	$1,232,787	$1,329,709	$ 96,922	$1,260,240	$1,404,259	$144,019	15.55
Operating Expenses	750,095	1,153,740	1,183,110	29,370	1,239,594	1,269,758	30,164	57.73
Equipment	60,018	182,155	182,155	0	197,805	197,805	0	203.50
TOTAL EXPENSES	$1,960,910	$2,568,682	$2,694,974	$126,292	$2,697,639	$2,871,822	$174,183	37.43
FUNDING								
General Fund	$ 19,568	$ 0	$ 0	$ 0.	$ 0	$ 0	$ 0	(100.00)
Federal Revenue	1,941,342	2,568,682	2,694,974	126,292	2,697,639	2,871,822	174,183	38.82
TOTAL FUNDING	$1,960,910	$2,568,682	$2,694,974	$126,292	$2,697,639	$2,871,822	$174,183	37.43

Program Description: The Employment Policy Division provides overall employment and training policy and planning functions for the Department of Labor and Industry. The division consists of: 1) Apprenticeship, which administers the apprenticeship program; 2) staff for the Job Training Partnership Act (JTPA) and other state-funded job training programs; and 3) Research and Analysis, which develops data and statistics related to employment, conducts surveys and studies with contracting agencies, charts employment trends in the state, and administers the Montana Career Information System (MCIS) and the State Occupational Information Coordinating Committee (SOICC).

The Employment Policy Division includes all prevailing wage study expenses. This study is conducted by the Investigations Bureau of the Employment Relations Division to determine prevailing wage rates. The prevailing wage data is required to assure compliance with prevailing wage laws.

Budget: Fiscal 1988 personal services expenses include 2.50 FTE that were transferred to the division from the Job Service Division. The legislature approved the addition of these 2.50 FTE and 1.00 FTE that was transferred to the division in fiscal 1989. The program expansions will add an additional 2.50 FTE in fiscal 1990 and 3.50 FTE in fiscal 1991. The 15.6 percent increase in personal services costs results from the cost of the additional FTE and an additional $42,000 in pay plan increases.

Significant changes in the operating expenses include: 1) a $5,838 increase in education and training to provide training to program operations; 2) a $8,080 increase in printing costs; 3) a $12,251 increase in long-distance charges to

allow data transmission from program operators; 4) a $6,720 increase in maintenance contracts for recently purchased equipment; 5) an $81,681 increase in indirect assessments; 6) a $273,849 increase in consulting fees for special studies and projects; 7) a $17,095 increase in data processing services; 8) a $12,525 increase in data processing supplies; and 9) $28,318 that was added through program expansion. The special studies include $76,500 to develop a management information system, $75,000 to evaluate the effectiveness of job training and placement programs, and $75,000 for professional assistance relating to the adult and youth literacy program, and approximately $60,000 for other projects. These increases were offset by an $11,928 decrease in the cost of providing data processing services. The equipment budget provides for the purchase of personal computers and software.

Program Expansion: The legislature approved two program expansion items as listed in Table 4. Item 1 is funded with unemployment insurance administration tax proceeds and Item 2 is funded with federal funds.

Table 4
Program Expansions for the Employment Policy Division

	Fiscal 1990				Fiscal 1991		
	FTE	Personal Services	Operating	Equipment	Personal Services	Operating	Equipment
1. Prevailing Wage Data Collection and Analyses	0.50*	$14,181	$ 6,318	$ -0-	$37,572	$ 2,600	$ -0-
2. Wage Surveys	2.00	31,000	22,000	-0-	31,000	22,000	-0-

*1.50 in fiscal 1991.

1. An Attorney General's opinion expanded the prevailing wage-rate provisions to include all service contracts as well as construction contracts. As a result, the division must expand its data collection and analyses efforts to include the additional coverage. This effort will be funded with unemployment insurance administration tax receipts.

2. The federal Employment and Training Administration has provided a grant to conduct wage surveys throughout the state of Montana. Results will be computed according to federal requirements and will be published by the department.

Funding:

Apprenticeship - The Apprenticeship Bureau is funded by unemployment insurance administration tax revenues.

Research and Analysis - This bureau is funded with a share of the federal funds allocated to other programs within the department, according to their degree of usage.

JTPA Staff - All JTPA functions are supported with federal JTPA funds.

The fiscal 1988 general fund expenditures supported the prevailing wage studies which are now funded with unemployment insurance administration tax revenues. Federal funding increases because of expanding federal emphasis and funding for employment training efforts.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $24,000 annually; 2) the pay plan adds about $42,000 to the fiscal 1990 budget and $88,000 to the fiscal 1991 budget; and 3) the legislature approved 2.00 FTE and $31,000 in annual personal service costs plus $22,000 for annual operating costs for federally-funded wage surveys that were not included in the original executive request. The remaining difference in the operating budgets results from the adjustment of indirect assessments.

LEGISLATIVE ACTION

AGENCY: DOLI/EMPLOYMENT SERVICES

PROGRAM: HUMAN RIGHTS

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	10.50	9.00	9.84	0.84	9.00	9.00	0.00	(0.66)
Personal Services	$256,073	$242,134	$273,431	$ 31,297	$242,375	$264,389	$22,014	6.78
Operating Expenses	92,085	122,111	123,171	1,060	93,668	94,819	1,151	33.76
Equipment	955	11,225	11,225	0	0	0	0	1,075.39
TOTAL EXPENSES	$349,113	$375,470	$407,827	$ 32,357	$336,043	$359,208	$23,165	16.82
FUNDING								
General Fund	$216,044	$245,349	$259,468	$ 14,119	$233,343	$256,508	$23,165	20.10
Federal Revenue	133,069	130,121	148,359	18,238	102,700	102,700	0	11.49
TOTAL FUNDING	$349,113	$375,470	$407,827	$ 32,357	$336,043	$359,208	$23,165	16.82

Program Description: The Human Rights Commission is charged with enforcement of state and federal laws designed to eliminate discrimination in the areas of employment, public accommodations, housing, financing and credit transactions, education, and government services.

Budget: Fiscal 1988 personal services expenses include 1.50 FTE funded by a federal fair housing grant which is not part of base level operations. The legislature approved a 0.84 FTE for fiscal 1990 for completion of work associated with this grant. Personal services expenses increase by 6.8 percent as a result of fiscal 1988 vacancy savings of $19,600 combined with a fiscal 1990 pay plan cost of $9,000 and $14,500 reduction relating to the 0.66 reduction in FTE.

The fiscal 1990 operating budget includes a $8,415 increase in indirect assessments and $17,421 associated with completion of the federal fair housing grant. A program expansion adds $5,000 per year to the operating budget.

Program Expansion: The legislature approved $5,000 per year for an outreach program to assist Montana employers, landlords, and others regarding their rights and responsibilities under the Montana Human Rights Act. This program is funded with general fund.

Funding: All cases heard by the commission fall under state law, and therefore, are eligible to be funded with general fund. However, in some instances, the cases are also covered by federal law. In this event, the commission is entitled

to a reimbursement from either the Equal Employment Opportunity Commission (EEOC) or the federal Department of Housing and Urban Development (HUD).

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $5,000 annually; 2) the pay plan adds about $9,000 to the fiscal 1990 budget and $17,000 to the fiscal 1991 budget; and 3) the legislature approved a 0.84 FTE and $17,000 for fiscal 1990 only to complete work relating to an existing federal grant.

LEGISLATIVE ACTION

AGENCY: DOLI/EMPLOYMENT SERVICES

PROGRAM: JOB TRAINING PARTNERSHIP ACT

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	0.00	3.00	3.00	0.00	3.00	4.00	1.00	3.00
Personal Services	$ 0	$ 76,674	$ 79,246	$ 2,572	$ 76,811	$ 104,477	$ 27,666	N/A
Operating Expenses	0	56,007	56,052	45	67,147	67,443	296	N/A
Equipment	0	3,500	3,500	0	0	0	0	N/A
Non-Operating	8,037,017	10,179,975	9,612,284	(567,691)	12,503,569	12,364,614	(138,955)	19.60
TOTAL EXPENSES	$8,037,017	$10,316,156	$9,751,082	$(565,074)	$12,647,527	$12,536,534	$(110,993)	21.33
FUNDING								
General Fund	$ 236,315	$ 332,991	$ 0	$(332,991)	$ 665,404	$ 196,362	$(469,042)	(100.00)
Federal Revenue	7,800,702	9,983,165	9,751,082	(232,083)	11,982,123	12,340,172	358,049	25.00
TOTAL FUNDING	$8,037,017	$10,316,156	$9,751,082	$(565,074)	$12,647,527	$12,536,534	$(110,993)	21.33

Program Description: The Job Training Partnership Act (JTPA) passes through federal JTPA funds to the Department of Labor and Industry, state agencies, and non-state organizations that provide training to help individuals enter or re-enter the work force. Funding for the Displaced Homemaker and New Horizons programs is also included in this program.

Legislative Intent: The department may utilize up to $90,000 of available unutilized state match during fiscal 1990 to obtain additional federal funding for the welfare reform project if the Budget Director is satisfied that the additional funding will further reduce AFDC caseloads.

Budget: All personal services, operating expenses, and equipment costs relate to program expansion. The non-operating expenses represent the anticipated level of grants. The annual grant levels for the Displaced Homemaker and New Horizons programs are: 1) $216,000 for Displaced Homemakers; 2) $110,000 for the New Horizons child care program; and 3) $27,095 for the New Horizons incentive program. The remaining grant funds support the various job training organizations. The increase of 19.6 percent reflects anticipated increases in federal support for this program.

Program Expansion: The legislature approved the program expansions listed in Table 5. All items are federally funded, except general fund of $196,362 which is needed for state matching requirements in fiscal 1991.

Table 5
Program Expansion for Job Training Partnership Act

	Fiscal 1990				Fiscal 1991			
	FTE	Personal Services	Operating	Grants	FTE	Personal Services	Personal Operating	Grants
1. JTPA Increase	0.00	$ -0-	$ -0-	$914,000	0.00	$ -0-	$ -0-	$1,896,000
2. Welfare Reform Act Project*	3.00	76,629	59,552**	463,416	4.00	97,319	67,443	2,285,307

* Fiscal 1990 funding is for continuation of the WIN program.
**Includes $3,500 of equipment.

1. The JTPA increase program expansion provides for an increase in federal funding authority for the JTPA Program. This program has been expanding and the department anticipates additional increases in available funding.

2. The Welfare Reform Act Project program expansion provides for implementation of the new federal Welfare Reform Act. The purpose of the program is to reduce dependency upon public assistance and increase economic self-sufficiency of recipients of AFDC. Model projects are being conducted in Missoula, Helena, Bozeman, and Billings. Project operators will develop methods to identify and overcome barriers that prevent AFDC recipients from obtaining employment. Each project that is funded is required to obtain an independent assessment of the effectiveness of the project.

Funding: The Displaced Homemakers and New Horizons Programs are funded with unemployment insurance administration tax proceeds. The remaining federal funds are Job Training Partnership Act grants. Some of the Job Training Partnership Act funds require a state match, but these requirements are satisfied with state support of related programs. The general fund provides required match for the Welfare Reform project.

Difference From Executive: The only significant difference between the executive recommendation and the legislative appropriation is in non-operating expenses. The legislative appropriation is less than the executive recommendation because the authorized grant level for the Welfare Reform Act Project was reduced to reflect a later-than-anticipated starting date. Personal services costs increase slightly in both years because the legislature did not apply vacancy savings and because of the pay plan. The legislature also approved a revised executive request which added 1.00 FTE and associated costs to the fiscal 1991 budget.

LEGISLATIVE ACTION

AGENCY: DOLI/EMPLOYMENT SERVICES

PROGRAM: GENERAL ASSISTANCE TRAINING

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	25.30	25.30	0.00	(25.30)	25.30	0.00	(25.30)	(25.30)
Personal Services	$ 503,806	$ 528,147	$0	$ (528,147)	$ 528,851	$0	$ (528,851)	(100.00)
Operating Expenses	210,605	205,105	0	(205,105)	203,109	0	(203,109)	(100.00)
Equipment	114	0	0	0	0	0	0	(100.00)
Non-Operating	858,200	1,455,871	0	(1,455,871)	1,455,988	0	(1,455,988)	(100.00)
TOTAL EXPENSES	$1,572,725	$2,189,123	$0	$(2,189,123)	$2,187,948	$0	$(2,187,948)	(100.00)
FUNDING								
General Fund	$ 781,011	$ 738,676	$0	$ (728,676)	$ 738,676	$0	$ (738,676)	(100.00)
Federal Revenue	791,714	1,450,447	0	(1,450,447)	1,449,272	0	(1,499,272)	(100.00)
TOTAL FUNDING	$1,572,725	$2,189,123	$0	$(2,189,123)	$2,187,948	$0	$(2,187,948)	(100.00)

Program Description: The Department of Labor and Industry in the 1989 biennium was the administering and evaluating agency of the General Assistance Training Program. This program provides job training and job search assistance to persons receiving general assistance. The program, which is coordinated with the Department of Social and Rehabilitation Services, provides grants to local organizations which provide job search and training assistance to eligible participants.

Other Legislation:

Senate Bill 128 revised the job search, training, and work program for employable recipients of general relief assistance. The bill appropriates to the Department of Social and Rehabilitation Services $832,265 of general fund and $1,055,235 of federal funds for each fiscal year of the 1991 biennium.

Difference From Executive: The executive budget recommendation proposed to fund the continuation of the general assistance training (JOBS) program through an appropriation to the Department of Labor and Industry. The legislature passed Senate Bill 128 which revised this program and included an appropriation to the Department of Social and Rehabilitation Services.

LEGISLATIVE ACTION

AGENCY: DIVISION OF WORKERS' COMPENSATION

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	213.82	233.75	238.75	5.00	233.75	238.75	5.00	24.93
Personal Services	$4,696,473	$5,147,972	$ 5,613,244	$ 465,272	$5,158,809	$ 5,844,328	$685,519	19.52
Operating Expenses	2,991,422	3,462,466	3,581,678	119,212	3,330,568	3,339,761	9,193	19.73
Equipment	304,161	320,761	348,761	28,000	125,784	125,784	0	14.66
Non-Operating	809,831	969,257	20,969,257	20,000,000	953,164	953,164	0	--
TOTAL EXPENSES	$8,801,887	$9,900,456	$30,512,940	$20,612,484	$9,568,325	$10,263,037	$694,712	246.66
FUNDING								
General Fund	$ 52,446	$ 45,842	$20,542,143	$20,496,301	$ 43,999	$ 525,077	$481,078	--
State Special Rev	8,630,158	9,728,269	9,841,391	113,122	9,397,785	9,604,961	207,176	14.03
Federal Revenue	119,283	126,345	129,406	3,061	126,541	132,999	6,458	8.49
TOTAL FUNDING	$8,801,887	$9,900,456	$30,512,940	$20,612,484	$9,568,325	$10,263,037	$694,712	246.66

Agency Description: The Division of Workers' Compensation is responsible for several laws relating to Montana's workers. The division administers the state workers' compensation insurance plan, monitors private workers' compensation insurance carriers and self-insured entities, assists businesses and individuals with information concerning the state workers' compensation statutes and with claims, and conducts safety reviews. It is comprised of four bureaus: 1) Administration; 2) State Insurance Fund; 3) Insurance Compliance; and 4) Safety and Health.

Budget: The fiscal 1988 actual FTE level of 213.82 is 9.57 FTE over the authorized level of 204.25 as a result of a statutory process which allows for increased staffing when the level of claims activity in the State Insurance Fund increases. The legislature approved the addition of 22.00 FTE to handle the increased workload in the State Insurance Fund. Other positions added were 1.50 FTE for administration of the payroll tax, a 1.00 FTE computer programmer, 5.00 FTE for a unit to review medical claims, 3.00 FTE associated with Senate Bill 315, and 2.00 FTE associated with Senate Bill 420. The legislature also authorized the addition to base level staffing of a 1.00 FTE legal secretary position that had been authorized for the 1989 biennium only.

The operating expense budget increases 19.7 percent, primarily as a result of program expansions. Major expansions in the operating budget include $174,801 for computer development, $40,871 for administration of the payroll

tax, $57,965 for expenses related to increased State Insurance Fund claims activity, $74,989 for expenses related to the rental of additional office space, $104,260 relating to the medical deductible program established by Senate Bill 315, and $70,000 relating to the reorganization associated with Senate Bill 428.

The equipment budget primarily provides for replacement of department-owned vehicles and for computer equipment.

The large increase in the non-operating budget results from a $20,000,000 appropriation to reduce the unfunded liability in the state compensation insurance fund. Other non-operating expenses are for debt service on the Workers' Compensation building and for payment of social security offset and silicosis benefits. An increase in non-operating expenses of about $200,000 occurs because prior to fiscal 1989 part of the debt service payments were made with interest earned from the building account.

Funding: The department is funded primarily with state special revenue. State special revenue for the State Insurance Fund is derived from premiums, investment earnings, assessments on employers, and other income. State special revenue for other programs is generated from assessments on the workers' compensation insurance fund, private insurers, and self-insured employers. There is a $20 million general fund appropriation in fiscal 1990 to reduce the unfunded liability in the state compensation insurance fund. The remaining general fund supports the social security offset and silicosis payments. The level of general fund support increases because the silicosis benefits were paid with RIT funds in the 1989 biennium. Federal revenue is grant funding from the Occupational Safety and Health Administration and the Mine Safety and Health Administration.

LEGISLATIVE ACTION

AGENCY: DIVISION OF WORKERS' COMPENSATION — PROGRAM: ADMINISTRATION PROGRAM

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	41.00	42.50	42.50	0	42.50	42.50	0	1.50
Personal Services	$ 977,552	$1,006,831	$1,065,516	$ 58,685	$1,008,791	$1,108,626	$ 99,835	9.00
Operating Expenses	703,183	1,039,584	976,711	(62,873)	848,141	816,894	(31,247)	38.90
Equipment	26,228	150,653	150,653	0	29,569	29,569	0	474.40
Non-Operating	231,385	439,815	439,815	0	441,165	441,165	0	90.08
TOTAL EXPENSES	$1,938,348	$2,636,883	$2,632,695	$(4,188)	$2,327,666	$2,396,254	$ 68,588	35.82
FUNDING								
State Special Rev	$1,909,824	$2,611,895	$2,606,967	$(4,928)	$2,302,770	$2,369,728	$ 66,958	36.50
Federal Revenue	28,524	24,988	25,728	740	24,896	26,526	1,630	(9.80)
TOTAL FUNDING	$1,938,348	$2,636,883	$2,632,695	$(4,188)	$2,327,666	$2,396,254	$ 68,588	35.82

Program Description: The Administration Program is responsible for overall management and support services of the division.

Legislative Intent:

1. The legal secretary position approved in Item 3 under Program Expansions shall be included as part of the division's current level budget in the next biennium.

2. The division should develop a plan to resolve the data processing problems addressed by the Legislative Auditor in reports 86-10, 87-39, and 88-5.

3. The division will prepare a system development plan showing all 1990-91 system development and enhancement projects, and the anticipated costs and benefits associated with each project. This plan should be updated biennially.

Budget: The division was authorized 39.50 FTE for the 1989 biennium, including a 1.00 FTE legal secretary position that was authorized for one biennium only. Fiscal 1988 personal services expenses also includes a 0.50 FTE that was transferred from the Safety and Health Bureau and 1.00 FTE that was transferred from the State Insurance Fund for one

biennium only. The legislature approved continuation of the 0.50 position transferred from the Safety Bureau and the 1.00 FTE legal secretary position, and added a 1.00 FTE computer programmer and 1.50 FTE for payroll tax administration.

The fiscal year 1990 operating expenses are the net result of: 1) the deletion of $174,125 of one-time system development costs; 2) a $15,446 increase in janitorial services which resulted from an increase in the janitorial contract for the Workers' Compensation building; 3) a $29,813 increase in legislative audit fees as only $11,429 of the biennial audit appropriation was expended in fiscal 1988 (the remaining $30,156 of the biennial audit appropriation will be carried forward to fiscal 1989); 4) a $12,365 reduction in printing costs; 5) a $10,283 reduction in postage costs; 6) a $5,854 increase in photocopy equipment which represents the additional cost of renting a copy machine large enough to handle the current volume of work; 7) a $23,349 increase in maintenance contracts for equipment which represents the additional costs associated with recently purchased data processing equipment; and 8) an $18,221 increase in administrative charges paid to the Centralized Services Division of the Department of Labor. The reduction from fiscal 1990 to 1991 is the result of the $41,242 for legislative audit which is included in fiscal 1990 only.

The legislature approved the following increases in fiscal 1990 operating expenses: 1) $76,627 for data processing support for maintenance of existing systems; 2) $46,314 for contracted services to fund an investigator position in the Attorney General's Office to conduct investigations of workers' compensation fraud cases; 3) $215,672 for program expansion; and 4) $14,700 for costs associated with House Bill 347.

The equipment expenses consist primarily of data processing expenses, and the fiscal 1990 equipment budget includes $117,850 of data processing equipment included in a program expansion.

Non-operating expenses consist of debt service payments for the Workers' Compensation building. Non-operating expenses increase significantly because part of the building payment was made with interest earned from the building account in fiscal 1988.

Program Expansions: The legislature approved the program expansion items summarized in Table 1.

Table 1
Program Expansions for the Administration Program

	FTE	Fiscal 1990 Personal Services	Fiscal 1990 Operating	Fiscal 1990 Equipment	Fiscal 1991 Personal Services	Fiscal 1991 Operating	Fiscal 1991 Equipment
1. Payroll Tax	1.50	$22,491	$ 40,871	$ -0-	$22,506	$39,840	$ -0-
2. Computer Development	1.00	25,963	174,801	117,850	25,963	74,716	-0-
3. Legal Secretary	1.00	18,466	-0-	-0-	18,479	-0-	-0-
4. Notification (HB 347)	0.00	-0-	14,700	-0-	-0-	-0-	-0-
5. Select Committee (HB 62)	0.00	-0-	20,000	-0-	-0-	20,000	-0-

1. The payroll tax program expansion provides for staffing and related costs associated with processing the quarterly billings and collections for the 0.3 percent payroll tax implemented by the 1987 legislature.

2. The computer development program expansion provides for one programmer, equipment, and operating expenses associated with development of new computer-based systems. Systems to be developed are: 1) a subsequent injury tracking system; 2) a return-to-work system; 3) a claims control system; 4) a reserve requirement estimating system; 5) a medical profiling system; and 6) a retrospective rating plan.

3. The legal secretary program expansion provides for continuation of the legal secretary position.

4. The notification expansion provides funding for data processing activities which will be required to implement House Bill 347, which made several technical adjustments to the Workers' Compensation Act.

5. The select committee expansion funds the cost of a joint select committee that was established to undertake a complete and thorough study of the workers' compensation insurance program.

Funding: State special revenue consists of an assessment on the state compensation insurance fund, private insurers and self-insured employers. Federal revenue is grant money from the federal Occupational Safety and Health Administration.

Other Legislation:

House Bill 62 in Special Session I appropriates $40,000 from the workers' compensation tax account to fund a joint select committee on workers' compensation.

House Bill 347 made several technical adjustments to the Workers' Compensation Act.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $19,000 annually; 2) the pay plan adds about $38,000 to the fiscal 1990 budget and $79,000 to the fiscal 1991 budget; 3) the legislature reduced the executive recommendation for computer development by about $126,000 in fiscal 1990 and $65,000 in fiscal 1991; 4) the legislature added about $16,000 in fiscal 1990 and $6,000 in fiscal 1991 for additional fraud investigation work; 5) indirect cost assessment increased by about $8,000 in fiscal 1990 and $7,000 in fiscal 1991; and 6) about $15,000 was added to the fiscal 1990 budget for operating costs associated with House Bill 347. House Bill 62 adds $40,000 for the 1991 biennium, which is shown as $20,000 per year.

LEGISLATIVE ACTION

AGENCY: DIVISION OF WORKERS' COMPENSATION

PROGRAM: STATE INSURANCE FUND

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	106.57	125.00	130.00	5.00	125.00	130.00	5.00	23.43
Personal Services	$2,198,452	$2,608,859	$ 2,927,468	$ 318,609	$2,613,706	$3,050,216	$436,510	33.16
Operating Expenses	1,767,396	1,826,066	2,003,590	177,524	1,890,140	1,932,332	42,192	13.36
Equipment	196,175	80,333	108,333	28,000	43,771	43,771	0	(44.78)
Non-Operating	0	0	20,000,000	20,000,000	0	0	0	N/A
TOTAL EXPENSES	$4,162,023	$4,515,258	$25,039,391	$20,524,133	$4,547,617	$5,026,319	$478,702	501.62
FUNDING								
General Fund	$ -0-	$ -0-	$20,000,000	$20,000,000	$ -0-	$ -0-	$ -0-	N/A
State Special Rev	4,162,023	4,515,258	5,039,391	524,133	4,547,617	5,026,319	478,702	21.08
TOTAL FUNDING	$4,162,023	$4,515,258	$25,039,391	$20,524,133	$4,547,617	$5,026,319	$478,702	501.62

Program Description: The State Insurance Fund administers the state workers' compensation insurance fund. It enrolls employers requesting coverage and pays wage loss and medical benefits according to state law.

Budget: In 1987 the legislature passed House Bill 373 which provided that the staffing level of certain functions would be determined by the actual workload. Based on workload increases in fiscal 1988, operating plans were approved to increase authorized FTE by 9.57. Fiscal 1988 personal services expenses included about $141,000 of costs associated with House Bill 373, leaving base year expenses of about $2,057,000. The legislature added 32.00 FTE to the previously authorized level of 98.00 FTE. The new FTE are discussed below under program expansions. The fiscal 1988 actual level of 106.57 FTE includes 9.57 FTE authorized by the HB 373 process, less 1.00 FTE that was transferred to the Administration Program for the 1989 biennium only. There were about $30,600 of vacancy savings in fiscal 1988. The fiscal 1990 personal services budget increases by $681,300 as a result of program expansion and by $110,000 as a result of the pay plan.

About $114,000 of actual fiscal 1988 operating expenses relating to House Bill 373 were excluded from the base, leaving an adjusted operating expense base of about $1,653,000. The operating expenses budget for fiscal 1990 includes the following increases: 1) $86,904 in consultant and professional services, which represents anticipated increases in the cost of professional insurance rating services; 2) $42,851 in insurance and bonds, which represents increases in

premiums for catastrophic insurance coverage; 3) $15,565 in audit fees, which represents increases in the cost of the Department of Labor's audit bureau; 4) $7,969 in postage, which results from increased postage rates; and 5) $5,147 in equipment maintenance, which represents the additional costs associated with recently purchased equipment. These increases were offset by a $78,087 decrease in the cost of providing base level data processing services. The legislature added $267,828 to the fiscal 1990 budget through program expansion.

The legislature approved the executive budget for equipment, which consists of automobiles, data processing equipment, and office equipment. An additional $52,995 of equipment expense was added to the fiscal 1990 budget through program expansion.

Program Expansions: The legislature approved five program expansions as listed in Table 2.

Table 2
Program Expansions for the State Fund

	Fiscal 1990				Fiscal 1991		
	FTE	Personal Services	Operating	Equipment	Personal Services	Operating	Equipment
1. House Bill 373	22.00	$425,609	$ 57,965	$ 4,400	$425,867	$56,715	$ -0-
2. Medical Claims Unit	5.00	99,777	5,043	20,595	99,844	4,043	-0-
3. Family Member Exclusion	0.00	-0-	10,560	-0-	-0-	-0-	-0-
4. Medical Deductible	3.00	51,047	124,260	12,000	51,047	32,000	-0-
5. Reorganization	2.00	104,847	70,000	16,000	104,847	46,000	-0-

The House Bill 373 expansion provides authority to continue the positions and related expenses authorized through the House Bill 373 process. These positions and costs were justified on the basis of statutory criteria relating to the number of claims being processed.

The Medical Claims Unit program expansion authorizes establishment of a unit responsible for reviewing and approving claims for minor medical bills. This will allow more experienced claims examiners to concentrate on more complex claims.

The family member exclusion expansion funds the costs associated with House Bill 21, which provides for exclusion of family members from mandatory workers' compensation coverage. The added costs relate to notification of affected employers.

The medical deductible expansion funds staffing and other costs associated with Senate Bill 315. This bill created a program giving employers additional options for insurance coverage.

The reorganization expansion funds staffing and related costs associated with Senate Bill 428. This bill separates the state fund from the Division of Workers' Compensation.

Funding: Funding is provided by state compensation insurance funds which come from premiums, investment earnings, assessments on employers, and other income. The general fund results from a $20 million appropriation provided in House Bill 56 in Special Session I.

Other Legislation:

House Bill 56 in Special Session I appropriated $20 million of general fund to reduce the unfunded liability in the state compensation insurance fund.

House Bill 21 provides for the exclusion from workers' compensation coverage for family members working in the family business.

Senate Bill 315 created a program giving employees additional options for providing workers' compensation insurance coverage.

Senate Bill 428 provides for separating the State Insurance Fund from the Division of Workers' Compensation.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $53,000 annually; 2) the pay plan adds about $110,000 to the fiscal 1990 budget and $227,000 to the fiscal 1991 budget; 3) Senate Bill 315 added 3.00 FTE and expenses of $188,000 in fiscal 1990 and $83,000 in fiscal 1991; 4) Senate Bill 428 added 2.00 FTE and expenses of $191,000 in fiscal 1990 and $151,000 in fiscal 1991; and 5) the legislature reduced the operating budget by $17,000 in fiscal 1990 and $34,000 in fiscal 1991. Other legislation adds $20 million to the fiscal 1990 budget.

LEGISLATIVE ACTION

AGENCY: DIVISION OF WORKERS' COMPENSATION

PROGRAM: INSURANCE COMPLIANCE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	41.75	41.75	41.75	0.00	41.75	41.75	0.00	0.00
Personal Services	$ 846,700	$ 883,774	$ 937,028	$ 53,254	$ 885,491	$ 976,681	$ 91,190	10.67
Operating Expenses	362,107	367,135	371,696	4,561	361,409	359,657	(1,752)	2.65
Equipment	58,210	6,207	6,207	0	2,619	2,619	0	(89.34)
Non-Operating	578,446	529,442	529,442	0	511,999	511,999	0	(8.47)
TOTAL EXPENSES	$1,845,463	$1,786,558	$1,844,373	$ 57,815	$1,761,518	$1,850,956	$ 89,438	(0.06)
FUNDING								
General Fund	$ 52,446	$ 45,842	$ 542,143	$ 496,301	$ 43,999	$ 525,077	$ 481,078	933.72
State Special Rev	1,793,017	1,740,716	1,302,230	(438,486)	1,717,519	1,325,879	(391,640)	(27.37)
TOTAL FUNDING	$1,845,463	$1,786,558	$1,844,373	$ 57,815	$1,761,518	$1,850,956	$ 89,438	(0.06)

Program Description: Insurance Compliance assists claimants, insurance adjusters and carriers, employers, attorneys, and medical providers in interpreting and complying with the Workers' Compensation and Occupational Disease acts. The division monitors the adequacy of coverage and payment to injured workers by private insurers.

Budget: The personal services budget represents a continuation of the same staffing level approved by the legislature for the 1989 biennium. The 10.7 percent increase in personal service costs relates primarily to $37,000 vacancy savings in fiscal 1988 and $35,000 of pay plan increases in fiscal 1990.

Operating expenses increased 2.6 percent over the fiscal 1988 level. The most significant increases are: 1) $15,130 for Department of Labor audit fees; 2) $6,525 for printing routinely used forms; 3) $8,040 for communications costs including a third WATS line; and 4) $3,067 for maintenance contracts which represents the additional cost associated with recently purchased equipment. These increases were offset by a $20,693 decrease in the cost of providing base level data processing services.

The equipment budget funds multi-user computers and office equipment.

Non-operating expenses are for: 1) social security offset payments; and 2) silicosis benefits paid to those persons who contracted the disease on the job prior to 1959 and to widows of silicotics. The social security offset payments are made to those persons adversely affected by a 1974 law offsetting payments from the division for any social security payments received for the same purpose. The following table summarizes the level of payments in these programs.

Table 3
Non-Operating Expenses

	Social Security Offset	Silicosis Benefits*
Fiscal 1988 Actual	$52,446	$538,391
Fiscal 1989 Authorized	64,583	545,846
Fiscal 1990 Budget	45,843	495,948
Fiscal 1991 Budget	44,000	480,346

*Includes administrative costs.

Funding: General fund provides funds for social security offsets, and silicosis benefit payments and administration. State special revenue consists of assessments from the workers' compensation insurance fund, private insurers, and self-insured employers.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $18,000 annually; and 2) the pay plan adds about $35,000 to the fiscal 1990 budget and $73,000 to the fiscal 1991 budget;

LEGISLATIVE ACTION

AGENCY: DIVISION OF WORKERS' COMPENSATION — PROGRAM: SAFETY AND HEALTH

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	24.50	24.50	24.50	0.00	24.50	24.50	0.00	0.00
Personal Services	$673,769	$648,508	$683,232	$34,724	$650,821	$708,805	$57,984	1.40
Operating Expenses	158,736	229,681	229,681	0	230,878	230,878	0	44.69
Equipment	23,548	83,568	83,568	0	49,825	49,825	0	254.88
TOTAL EXPENSES	$856,053	$961,757	$996,481	$34,724	$931,524	$989,508	$57,984	16.40
FUNDING								
State Special Rev	$765,294	$860,400	$892,803	$32,403	$829,879	$883,035	$53,156	16.66
Federal Revenue	90,759	101,357	103,678	2,321	101,645	106,473	4,828	14.23
TOTAL FUNDING	$856,053	$961,757	$996,481	$34,724	$931,524	$989,508	$57,984	16.40

Program Description: The Safety and Health Bureau is responsible for administering the state's industrial safety laws.

Budget: The personal services budget represents a continuation of fiscal 1988 staffing. Fiscal 1988 personal services expenditures exceed the appropriated level by $4,700, and the pay plan adds about $21,000 to the fiscal 1990 budget.

Operating expenses increase 45 percent, primarily as the result of $74,989 of additional operating expenses relating to program expansions.

Equipment expenses relate primarily to replacement of division-owned automobiles.

Program Expansion: The legislature approved $74,989 per year in operating expenses and $24,700 in fiscal 1990 equipment expenses associated with the rental of additional office space. The additional space was obtained because current staffing exceeds the capacity of the Workers' Compensation building.

Funding: State special revenue consists of premium assessments from the state compensation insurance fund, private insurers, and self-insured employers. Federal revenue is from two sources: 1) coal mine safety money funds one position used to provide safety training for coal mine operations; and 2) occupational safety and health those efforts of the loss control staff associated with consultations concerning federal safety requirements.

Difference From Executive: The significant differences between the executive recommendation and the legislative appropriation are: 1) the legislature did not apply vacancy savings which adds about $13,000 annually; and 2) the pay plan adds about $21,000 to the fiscal 1990 budget and $45,000 to the fiscal 1991 budget;

Program Description: The Assistance Payments Program is administered through the Economic Assistance Division and includes Aid to Families with Dependent Children (AFDC), Day Care Services, Food Stamp and Commodities Programs, the Low Income Energy Assistance Program (LIEAP), the Community Services Block Grant (CSBG), and the General Assistance Program in the 12 counties where the state has assumed responsibility for the county welfare programs.

Legislative Intent: It is the intent of the legislature that the Department of Social and Rehabilitation Services seek Job Training Partnership Act (JTPA) funds to supplement or eliminate general funds for all work training programs operated by the department.

In each fiscal year, 10 percent of the low income energy assistance program block grant must be transferred to the social services block grant. If the transfer is greater than $862,444 in either fiscal year, a like amount of general fund must revert. Ten percent of the low income energy assistance program block grant must be used for the weatherization program in each fiscal year. If the department receives refunds from low income energy assistance grants in excess of $420,000 in either fiscal year, the excess amount of refunds must be used in the weatherization program.

Except for 5 percent allowed for administrative purposes, during each fiscal year all funds appropriated for the community services block grant must be allocated to the human resources councils.

The legislature appropriated $100,000 per year of the 1991 biennium for a contract with the Montana Legal Services Association to provide legal assistance to all general relief clients seeking eligibility for the federal Supplemental Security Income Program and to those current recipients of supplemental security income who have been notified of termination of benefits. The appropriation is intended to reduce the general assistance caseload by a minimum of 320 clients by the end of the 1991 biennium.

The Department of Social and Rehabilitation Services is directed to work with the Montana public and investor-owned utilities and the HRDCs to prepare a long-range low-income weatherization plan based upon utility funding for presentation to the Fifty-second Legislature. Utility funded weatherization must be cost-effective for the utilities, i.e., the cost of the weatherization must be less than the cost of the electricity or natural gas which would be needed without the weatherization.

It is the intent of the legislature that the department establish AFDC and general assistance payment levels at 42 percent of the federal poverty index each year of the 1991 biennium using the federal calendar year 1989 poverty index to establish the state fiscal year 1990 payment levels and the federal calendar year 1990 to establish the state fiscal year 1991 payment levels.

Funds appropriated for the General Assistance and Transition-to-Work Programs for fiscal 1990 include at least $100,000 of general fund and $500,000 federal funds for the Transition-to-Work Program. If a general assistance recipient accepts funding from the Transition-to-Work Program in order to accept employment in another state, the recipient is not eligible for the general assistance program for 16 months after his relocation to another state. No funds may be transferred out of the appropriation for the general assistance and Transition-to-Work programs to any other portion of the SRS budget.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	774.63	797.49	846.72	49.23	797.49	851.72	54.23	72.09
Personal Services	$ 17,894,266	$ 19,172,138	$ 21,398,098	$ 2,225,960	$ 19,204,213	$ 22,351,652	$ 3,147,439	19.58
Operating Expenses	11,126,112	10,658,664	15,911,607	5,252,943	11,055,974	16,788,741	5,732,767	43.01
Equipment	698,211	268,966	342,522	73,556	171,934	272,512	100,578	(50.94)
Non-Operating	233,423,230	271,039,160	263,882,826	(7,156,334)	284,298,035	285,340,079	1,042,044	13.05
TOTAL EXPENSES	$263,141,819	$301,138,928	$301,535,053	$ 396,125	$314,730,156	$324,752,984	$10,022,828	14.59
FUNDING								
General Fund	$ 73,111,898	$ 79,352,574	$ 77,488,436	$(1,864,138)	$ 83,255,469	$ 83,918,310	$ 662,841	5.99
State Special Rev	8,074,848	7,908,776	11,271,499	3,362,723	7,990,005	11,639,225	3,649,220	39.59
Federal Revenue	181,955,073	213,877,578	211,604,785	(2,272,793)	223,484,682	227,904,635	4,419,954	16.30
Proprietary Funds	0	0	1,170,333	1,170,333	0	1,290,813	1,290,813	0.00
TOTAL FUNDING	$263,141,819	$301,138,928	$301,535,053	$ 396,125	$314,730,156	$324,752,983	$10,022,828	14.59

Agency Description: The Department of Social and Rehabilitation Services administers the majority of the state's human service programs. Services include cash assistance payments to recipients of Aid to Families With Dependent Children, the General Assistance Program in state assumed counties, reimbursement to health care providers for medical services to medicaid clients, services to the vocationally and visually handicapped, and community based placement services for the state's developmentally disabled.

Budget: The budget represents a $38.4 million or 14.6 percent increase in total funds for SRS from fiscal 1988 actual expenditures to the appropriated level for fiscal 1990. Seventy-two FTE are added to the department primarily as the result of significant changes in federal laws relating to the state's administration of its welfare programs and transfer of the Child Support Enforcement Bureau from the Department of Revenue. Personal service costs increase $3.5 million or 19.6 percent due to the combination of increased FTE levels within existing programs, the transfer of 51.00 FTE from the Department of Revenue, the pay plan, and the fact that no vacancy savings was applied to any programs in the department.

Operating costs for fiscal 1990 increase $4.8 million or 43.0 percent over fiscal 1988 actual expenditures. The most significant increases in operating costs are associated with a federal project to develop and implement computerization of

local welfare offices and the additional costs associated with the transfer of the Child Support Enforcement Bureau. Equipment costs approved for the 1991 biennium are substantially less than fiscal 1988 actual expenditures.

The majority of SRS expenditures are in the non-operating category which represents expenditures for the numerous benefit programs administered by the department. Non-operating costs increase $30.5 million or 13.1 percent between fiscal 1988 actual expenditures and the approved funding level for fiscal 1990. The majority of the increase is due to the expansion of eligibility for some benefit programs mandated by changes in federal regulations.

Funding: Funding for the Department of Social and Rehabilitation Services is a combination of federal funds, state special revenue, general fund, and a proprietary fund established beginning in fiscal 1990 to operate the Child Support Enforcement Bureau. Federal funds account for approximately 70 percent of total funding for the department. Federal funds approved for fiscal 1990 increase 16.3 percent above the actual expenditures for fiscal 1988. Due in part to a change in the federal/state funding ratio for AFDC and medicaid from an average of 69 percent federal funds during the 1989 biennium to 71.2 percent for the 1991 biennium, federal funds increase significantly more than general fund. State special revenue funds approved for SRS are the 12 mills levied by the state assumed counties and Industrial Accident and Rehabilitation Account (IARA) funds used in the Vocational Rehabilitation Program. The 39.6 percent increase in state special revenue results primarily from accounting changes mandated by Senate Bill 80 which required that county funds appropriated in the Eligibility Determination Program be reclassified from federal to state special. General fund increases 6.0 percent from fiscal 1988 to fiscal 1990. However, the low rate of increase in general fund is partly the result of a change in the funding for medicaid reimbursement to state institutions. Previously, both the general fund and federal medicaid funds for institutional reimbursement were included in the SRS budget. At the request of the legislative auditors, only the federal portion of institutional reimbursement was appropriated to SRS, with the $4.0 million annual general fund match included in the appropriations for the various state institutions. After adjusting for the change in funding state institutional reimbursement, the increase in general fund from fiscal 1988 to fiscal 1990 is approximately 11 percent.

Other Legislation:

1. House Bill 304 establishes a 2-year pilot for medicaid reimbursement of inpatient psychiatric services for youth in nonhospital-based residential treatment centers. Additionally, the bill requires the Department of Health and Environmental Sciences and the Department of Social and Rehabilitation Services to conduct a study of the need for such services and report the results of the study to the Fifty-second Legislature. House Bill 304 appropriates $68,107 to the Department of Social and Rehabilitation Services each year of the biennium for medicaid reimbursement for inpatient psychiatric service to youth as defined in the bill. This appropriation includes $17,027 of general fund each year.

2. House Bill 563 appropriates oil overcharge money for programs administered by the state. The bill appropriates $900,000 from stripper well payments to the Department of Social and Rehabilitation Services for use in the home weatherization program. The bill also appropriates $50,000 each fiscal year from the stripper well payments for use by the department in matching private contributions to assist persons not eligible for federal Low Income Energy Assistance but whose income is below 150 percent of the federal poverty level.

3. House Bill 614 establishes a program to provide specialized telecommunications equipment and services to handicapped persons. A 10-cent monthly charge will be collected from each telephone customer. Distribution of funds

appropriated under House Bill 614 is at the discretion of a Committee on Telecommunication Services for the Handicapped established by the Governor and attached to the Department of Social and Rehabilitation Services for administrative purposes. Funds appropriated to the Telecommunications Committee are $277,831 in fiscal 1990 and $477,475 in fiscal 1991.

4. Senate Bill 128, in addition to the program changes discussed below, appropriates $1,887,500 each year of the 1991 biennium of which $832,265 is general fund. The funds are to be used for the purpose of administering the Job Search, Training, and Work Program. Federal funds included in the appropriation are from the United States Department of Agriculture to support job assistance programs for persons who are receiving federal food stamps. Because most state general assistance recipients also receive food stamps, SRS is able to fund portions of this program with federal food stamp funds.

The following is a summary of legislation that requires changes in the department's administration of welfare programs.

1. Senate Bill 67 provides transitional medicaid coverage to persons who lose eligibility for Aid to Families with Dependent Children (AFDC) due to increased income as the result of employment. The bill also includes a provision that would allow the state to pay premiums for available health insurance rather than providing regular medicaid.

2. Senate Bill 70 authorizes SRS to establish new welfare programs for AFDC recipients consistent with the federal Family Support Act of 1988. The three major features of the bill are: 1) establishment of a Job Opportunities and Basic Skills Training Program (JOBS) for AFDC recipients; 2) a mandatory participation requirement for AFDC recipients similar to the current participation requirements of the Work Incentive Program (WIN); and 3) sanctions for a recipient's failure or refusal to participate in the JOBS Program or to accept available, suitable employment.

3. Senate Bill 99 allows termination of general assistance payments to an employable recipient who, without good cause, refuses to: 1) register for employment with the state Job Service; 2) maintain an active job registration file; 3) actively pursue and accept available, suitable employment; 4) participate in the General Assistance Work Program; or 5) accept work assigned under a county workfare program. Under the provisions of the bill, a general assistance recipient who refuses to comply with any of the above provisions would be ineligible for general assistance for three months following the first refusal and ineligible for six months following any subsequent refusal.

4. Senate Bill 100 would terminate eligibility for general assistance for three months to any recipient who: 1) voluntarily quit or left employment without "good cause"; or 2) has been discharged or suspended from employment for misconduct on the job.

5. Senate Bill 101 establishes employability as a classification of eligibility for the General Assistance Program. "Unemployable" persons are individuals considered unable to work due to their age or physical or mental condition. Such persons would include those who: 1) are at least 55 years of age and who have a limited ability to obtain or retain suitable employment because of advanced age; 2) have a serious physical, emotional, or mental handicap that prevents them from being employed in any substantial, gainful employment; or 3) suffer from a permanent or temporary illness, injury, or other incapacity that prevents working in any substantial, gainful employment. "Employable" persons are defined as persons who are not "Unemployable."

Under the provisions of this bill, unemployable persons would be considered as "chronically needy" and would be entitled to general assistance benefits for as long as they met all other eligibility requirements. Employable persons would be considered "transitionally needy" and would be eligible for general assistance for 4 months in a 12-month period if they participated in a state work program. In addition, an employable person could be eligible for general assistance for a maximum of six months in a 12-month period if the person: 1) has a serious barrier to employment (such as lack of work skills, illiteracy) and is willing to participate in a program to overcome the employment barrier; 2) suffers from drug or alcohol dependency and is undergoing active treatment in an approved program; or 3) is head of a household that includes minor children.

6. Senate Bill 128 revises the General Assistance Project Work Program. As revised, the program includes: 1) intensive job search activity and prompt placement of recipients who are job ready; 2) skills training and education for recipients who are potentially employable but who lack the skills or training necessary to get a job; 3) a combination of employment activities including job search, job readiness training, and workfare; 4) a 40-hour week performance requirement; 5) a requirement that recipients fulfill a two-week work obligation before receiving any general assistance payments; 6) a mandatory legislative audit of program performance; and 7) a prohibition against any political activity under the program.

The bill also incorporates provisions for the Transition-to-Work Program. The Transition-to-Work Program is an alternative for general assistance recipients to participation in the Project Work Program. A general assistance recipient who has obtained employment in another county or state may receive a Transition-to-Work allowance to offset moving expenses to the new work site. Under this bill, acceptance of the Transition-to-Work allowance renders a recipient ineligible for general assistance for a period of 16 months.

7. Senate Bill 129 transfers the Child Support Enforcement Bureau from the Department of Revenue to the Department of Social and Rehabilitation Services.

8. Senate Bill 134 provides similar work incentives to the General Assistance Program as are currently in place for AFDC. The bill: 1) applies a "30 and 1/3" earned income disregard for the treatment of employment income for up to four consecutive months; and 2) provides extended state medical assistance for one month to recipients who lose eligibility for general assistance due to employment. The provisions of this bill only apply to the general assistance program in the 12 state-assumed counties.

LEGISLATIVE ACTION

AGENCY: SOCIAL AND REHABILITATION SERVICES

PROGRAM: ASSISTANCE PAYMENTS

BUDGET ITEM	FY 1988	Fiscal 1990			Fiscal 1991			FY 88-90
	Actual	Executive	Legislature	Difference	Executive	Legislature	Difference	% Change
FTE	52.83	66.92	59.25	(7.67)	66.92	59.25	(7.67)	6.42
Personal Services	$ 1,498,116	$ 1,861,879	$ 1,793,981	$ (67,898)	$ 1,863,844	$ 1,858,035	$ (5,809)	19.75
Operating	4,768,756	3,514,193	6,121,904	2,607,711	4,025,884	6,633,563	2,607,679	28.38
Equipment	538,729	103,891	103,891	0	93,325	93,325	0	(80.72)
Total Administration	$ 6,805,601	$ 5,479,963	$ 8,019,776	$ 2,539,813	$ 5,983,053	$ 8,584,923	$ 2,601,870	17.84
BENEFITS								
Food Stamps	$ 22,694	$ 31,250	$ 31,250	$ 0	$ 32,500	$ 32,500	$ 0	37.70
Nonresident GA	32,901	50,000	33,000	(17,000)	50,000	33,000	(17,000)	0.30
Legal Services	100,000	100,000	100,000	0	100,000	100,000	0	0.00
GA Burials	123,620	129,801	123,620	(6,181)	129,801	123,620	(6,181)	0.00
Training	150,000	157,500	157,500	0	157,500	157,500	0	5.00
Job Search	265,477	491,752	491,752	0	491,752	491,752	0	85.23
Day Care	724,044	783,126	783,126	0	814,451	814,451	0	8.16
CSBG	1,247,570	1,368,164	1,060,644	(307,520)	1,368,164	1,060,664	(307,500)	(14.98)
Weatherization	3,304,539	2,929,121	3,287,738	358,617	1,929,121	2,387,738	458,617	(0.51)
LIEAP	6,923,760	8,373,513	7,438,100	(935,413)	8,373,513	7,438,100	(935,413)	7.43
General Assistance	4,490,142	5,292,468	4,665,200	(627,268)	5,504,167	5,024,600	(479,567)	3.90
AFDC	38,419,825	39,605,634	35,904,355	(3,701,279)	41,190,978	37,196,518	(3,994,460)	(6.55)
Budget Amendments	607,093	0	0	0	0	0	0	N/A
Program Expansion	0	2,796,531	4,028,765	1,232,234	5,934,994	7,822,495	1,887,501	N/A
Total Benefits	$56,411,665	$62,108,860	$58,105,050	$(4,003,810)	$66,076,941	$62,682,938	$(3,394,003)	3.00
TOTAL EXPENSES	$63,217,266	$67,588,823	$66,124,826	$(1,463,997)	$72,059,994	$71,267,861	$ (792,133)	4.60
Fund Sources								
General Fund	$17,644,354	$18,611,094	$17,651,592	$ (959,502)	$19,863,884	$19,130,028	$ (733,856)	0.04
State Special Rev	0	0	671,411	671,411	0	650,939	650,939	N/A
Federal Fund	45,572,912	48,977,729	47,801,823	1,175,906	52,196,110	51,486,894	(709,216)	4.89
TOTAL FUNDS	$63,217,266	$67,588,823	$66,124,826	$(1,463,997)	$72,059,994	$71,267,861	$ (792,133)	4.60

Budget: The 19.8 percent increase in personal service costs in fiscal 1990 over the fiscal 1988 actual expenditures is primarily due to program expansion and vacancy savings. During fiscal 1988, the program experienced a 2 percent vacancy savings,while the fiscal 1990 appropriated level includes no vacancy savings. In addition, $52,401 was added for the pay plan in fiscal 1990 and $114,473 in fiscal 1991.

During fiscal 1988, the department expended approximately $2.8 million for development and implementation of the computerization of local welfare offices to improve determination and verification of client eligibility and provide a mechanism for tracking clients through the welfare system. Funds to continue this project are in a modified budget of $4.1 million in fiscal 1990 and $4.6 million in 1991.

The reduction in equipment costs between fiscal 1988 and fiscal 1990 is also directly related to the computerization program. Although expenditures for some computer equipment is anticipated during the 1991 biennium, an exact amount was not available at the time of the legislative hearings and the entire appropriation for the development of the welfare computerization program was included as contracted services. The legislature did approve federal funds to purchase one semi-trailer truck each year of the 1991 biennium for distribution of food commodities.

The following describes the legislative action for each of the benefit programs in the Assistance Payments Program.

Food Stamps: These are 100 percent federal funds from the U.S. Department of Agriculture to pay the administrative costs of the food stamp issuance program on two Indian reservations. The legislature adopted the executive request for funding during the 1991 biennium that included an increase over the fiscal 1988 actual expenditures to compensate for a projected increase in postal rates.

Nonresident General Assistance: This 100 percent general fund program provides temporary assistance to non-resident transients for up to three days' lodging and food or for emergency medical assistance. The legislature approved $33,000 each year of the 1991 biennium. The executive request included $17,000 per year more for emergency medical expenses than was approved by the legislature.

Legal Services: Since fiscal 1986, SRS has contracted with the Montana Legal Services Association to provide legal counseling, representation, and appeal for general assistance clients in qualifying for Social Security Disability Income (SSDI) benefits. The intent of the contract is to reduce the general assistance caseload by shifting eligible general assistance clients to the federally funded SSDI program. In addition to reducing state costs associated with general assistance payments, disabled individuals are also shifted from the state medical program (which is 100 percent general fund) to medicaid, which is 70 percent federal funds. Although actual dollar savings as a result of reduced general assistance caseloads and the shift from state medical to the medicaid program are difficult to estimate, the net savings (less the $100,000 contract costs) are estimated at $95,888 in fiscal 1986, $142,952 in fiscal 1987, and $202,736 in fiscal 1988. Based on the estimated savings and the potential future savings to the state, the legislature approved continuation of the contract at $100,000 per year of the 1991 biennium. This level of funding is equal to the executive request.

Burials: This program funds part of the costs associated with the state's assumption of the 12 county welfare programs. Funding for this benefit is 100 percent general fund. Absent any reliable historical data on burial costs, the

legislature approved funding for this program at the same level as fiscal 1988 actual expenditures. The $6,181 difference between legislation funding and the executive request results from the legislature using fiscal 1988 actual expenditures, while the executive request included a 5 percent increase over fiscal 1988 actual expenditures.

Training: Training is provided to county eligibility technicians regarding changes in eligibility requirements for AFDC, LIEAP, food stamps, and medicaid. The 100 percent federal funding for the program is based upon the amount of time eligibility technicians spend in each of the various federal programs. Considering the significant changes that are occurring in the state's welfare system as a result of recent federal welfare reform, the legislature approved funding for training programs at 5 percent above the fiscal 1988 actual expenditures. There was no difference between the legislative funding level and the executive request.

Job Search: This 100 percent federally funded program is designed to assist food stamp recipients in locating employment. The U.S. Department of Agriculture requires that all able-bodied food stamp recipients register with the Montana Job Service Office as a condition of receiving food stamps. SRS contracts with the Department of Labor to provide such services as matching applicants with available openings, referring recipients to other job training programs, and providing limited counseling and testing. The legislature adopted the executive estimate of available federal funds for each year of the 1991 biennium.

Day Care: Day care is provided to AFDC recipients who are working or participating in work-related training programs. Costs associated with employment-related day care are considered a work-related expense and are included as a deduction when calculating the AFDC payment. Training-related day care is paid directly to the provider when the AFDC recipient is participating in such programs as vocational technical schooling or WIN work experience. This program is funded at the same federal match rate as regular AFDC benefits, or approximately 28 percent general fund. Testimony provided to the legislature indicated that costs for AFDC related day care were rising faster than increases in the AFDC caseload. SRS suggested that the increase in day care costs may be attributable to an increased emphasis on job training programs and thus a higher percentage of the AFDC caseload using day care services. The legislature approved funding for day care at the executive request of $783,126 in fiscal 1990 and $814,451 in fiscal 1991.

CSBG: The Community Services Block Grant (CSBG) includes county anti-poverty programs originally established under the Federal Economic Opportunity Act of 1964. State statute requires that 90 percent of the funds be allocated to Human Resource Development Councils in support of local programs, 5 percent is retained by SRS for administration, and 5 percent may be used as discretionary funds. However, it is the intent of the legislature that 95 percent of the total CSBG or $1,060,664 in each year of the 1991 biennium, be allocated to the HRDCs and 5 percent or $55,824 be retained by the department for administrative expenses. The legislature approved funding for the program based on the most recent estimate of available CSBG funds. The difference between the legislative funding for the CSBG and the executive request is due to a more recent estimate of available federal funds adopted by the legislature than was included in the executive request.

Weatherization: This 100 percent federally funded program is intended to assist low income families who are below 125 percent of the federal poverty level in weatherization of their homes. Program activities include insulation, caulking, storm windows, and minor building repair that will enhance the heating retention of the building. Priority for weatherization is given to eligible elderly, handicapped, and to high energy-consuming homes. Current federal regulations limit the average amount per home to a maximum of $1,600. The approved level of funding for this program

includes the most recent estimate of federal weatherization grant funds plus 10 percent of the Low Income Energy Assistance Program (LIEAP) grant which, according to federal regulations, may be transferred to the weatherization program. Funding for the weatherization program included in House Bill 100 is $2,387,738 for each year of the 1991 biennium. The primary difference between the legislative funding and executive request is the inclusion of the LIEAP transfer funds in the legislative funding level. In addition to funds appropriated in House Bill 100, the legislature also appropriated $900,000 in House Bill 563 of oil overcharge funds for the Weatherization Program during the 1991 biennium, which is shown in the fiscal 1990 legislative column. The executive request had included $1.0 million.

LIEAP: The Low Income Energy Assistance Program (LIEAP) provides assistance to low income persons in fuel and home heating costs. Currently, eligibility is restricted to families with income below 125 percent of the federal poverty index. In fiscal 1988, approximately 23,000 households qualified for LIEAP assistance with an average payment of $295. In most instances, the LIEAP payment is made directly to the recipient's fuel vendor. SRS contracts with the HRDCs and some county welfare offices to administer the LIEAP Program at the local level. The anticipated federal LIEAP grant award for each year of the 1991 biennium is $8,624,436. This amount represents a substantial reduction from the amount of the LIEAP grant awards for fiscal 1988 ($9,787,541) and fiscal 1989 ($8,811,217). The following table shows the legislative allocation of the LIEAP grant funds for the 1991 biennium.

Table 1
Low Income Energy Assistance Funds and Expenditures
Fiscal 1988 through the 1991 Biennium

Funds Available	Fiscal 1988	Fiscal 1989	Fiscal 1990	Fiscal 1991
Grants	$ 9,787,541	$ 8,811,217	$ 8,624,436	$ 8,624,436
House Bill 563	-0-	-0-	50,000	50,000
Carry-over	1,542,908	3,016,162	2,386,247	1,929,595
Total Funds Available	$11,330,449	$11,827,379	$11,060,683	$10,604,031
Expenditures				
Transfer Developmental Disab.	$ 971,412	$ 881,122	$ 862,444	$ 862,444
State Administration	419,115	396,505	388,100	388,100
Local Administration	407,424	396,505	388,100	388,100
Fuel Assistance Grants	6,298,329	7,000,000	7,050,000	7,050,000
Weatherization	824,551	1,187,000	862,444	862,444
Refunds	(606,544)	(420,000)	(420,000)	(420,000)
Total Expenditures	$ 8,314,287	$ 9,441,132	$ 9,131,088	$ 9,131,088
Ending Fund Balance	$ 3,016,162	$ 2,386,247	$ 1,929,595	$ 1,472,943

It is the legislature's intent that 10 percent of the grant award must be transferred to the Developmental Disabilities Program to be used in that program for services to the developmentally disabled, and 10 percent of the grant award is to be transferred to the weatherization program. Approximately 5 percent of the grant award is retained by SRS to administer the program and the balance is used for benefits. Included in the amount of LIEAP funding for fiscal 1990 is $2,386,247 of carry-over funds from fiscal 1989, and included in the benefits for fiscal 1991 is $1,929,595 of carry-over funds from fiscal 1990. The $7,438,100 shown on the main table for funding is composed of $7,050,000 for fuel assistance grants and $388,100 that is allocated to the HRDCs for local administration of the program. Refunds of $420,000 per year are anticipated for the 1991 biennium. It is the intent of the legislature that any refunds received by the department in excess of $420,000 per year must be used in the weatherization program. The legislative funding for the LIEAP Program was based on a more recent and lower estimate of available federal funds than was included in the executive request.

House Bill 563 appropriates $50,000 of oil overcharge funds each year to the LIEAP Program. These federal funds are to be used by the department in matching private contributions to assist persons not eligible for federal Low Income Energy Assistance but whose income is below 150 percent of the federal poverty level.

General Assistance: The General Assistance Program is intended to provide financial assistance to needy persons who do not qualify for any other state or federal benefit program. Funding for the General Assistance Program is 100 percent general fund in the 12 counties where the state has assumed administration of the county welfare programs and 100 percent county funds in the other 44 counties. The general assistance appropriation includes only the 12 state assumed county programs. Two factors determine general assistance costs: 1) the size of the caseload; and 2) the amount of the average monthly payment. Table 2 shows the growth of the general assistance caseload and average monthly payment for the 12 assumed counties from fiscal 1984 through fiscal 1991.

Table 2
General Assistance Caseload, Monthly Payment Level, and Total Cost
Fiscal 1984 through 1991

Fiscal Year	Caseload	Monthly Pmt Level	Total Cost
1984	1,205	$141	$2,038,779
1985	1,704	207	4,245,721
1986	1,931	198	4,586,618
1987	1,847	212	4,770,000
1988	1,857	209	4,490,142
1989*	1,906	212	4,848,864
Legislative Action			
1990	1,860	209	4,665,200
1991	1,912	219	5,024,600

*Projected

The legislature's projected caseloads of 1,860 in fiscal 1990 and 1,912 in fiscal 1991 assume a slower rate of growth in the general assistance population, in part as a result of the migration of individuals out of state and in part as a result of the state's increased emphasis on job training and job assistance programs. The caseload projections adopted by the legislature take into consideration the various bills considered by the legislature to alter eligibility criteria for the program currently in state statute.

It is the intent of the legislature that the general assistance payment levels be set at 42 percent of the federal poverty index as calculated for the AFDC Program.

Differences between the executive request and legislative funding result from a combination of two factors: 1) the executive projected higher average monthly caseloads of 2,061 in fiscal 1990 and 2,143 in fiscal 1991; and 2) the executive froze the average monthly payment level for each year of the 1991 biennium at $214 which was the executive estimated payment level for fiscal 1989.

AFDC: Aid to Families with Dependent Children (AFDC) is a cash assistance program to assist needy families with dependent children. The program is jointly funded by the state, county, and federal government with approximately 27 percent general funds, 2 percent county funds, and 71 percent federal funds. In addition to receiving a cash payment, all AFDC recipients (and all members of their household) are automatically eligible for medicaid benefits. Although federal funds cover approximately 71 percent of the cost of the program, states are allowed considerable flexibility in

establishing eligibility criteria for the program and in setting the monthly payment levels. Two basic factors determine the overall cost of the AFDC Program: the caseload size and the average monthly payment level.

The legislature establishes AFDC and General Assistance payment levels based on the federal poverty index. The federal poverty index is based on a calendar year rather than state fiscal year and is published in the Federal Register in late February or early March of each year. Previously, SRS has estimated the poverty index to adjust for the difference in the state fiscal year and the time the federal poverty index is published. To establish a specific base to calculate the AFDC payment levels, it was the legislature's intent that the published federal poverty index for calendar 1989 be used as the base for calculating the fiscal 1990 payment level and the federal poverty index published for calendar 1990 be used to calculate the state fiscal 1991 payment levels. To calculate the appropriation level for the 1991 biennium, the legislature used the annual rate of change forecast by Wharton Econometrics which equals 4.75 and 5.1 percent annual increases in fiscal 1990 and 1991, respectively, in estimating the federal poverty index.

The legislature set the AFDC payment level for fiscal 1990 at 42 percent of the federal poverty index for calendar 1989 and for fiscal 1991 the legislature set the AFDC payment level at 42 percent of the federal poverty index for calendar 1990. The following table shows the maximum monthly AFDC payment level by family size for fiscal 1990 and 1991.

Table 3
Maximum Average Monthly AFDC Payment
At 42 Percent of the Federal Poverty Index

Family Size	Fiscal 1990 Payment Level	Fiscal 1991 Payment Level
1	$209	$219
2	281	294
3	352	369
4	424	444
5	495	518
6	566	593

In establishing an estimated AFDC caseload for the 1991 biennium, the legislature considered the increase in the AFDC caseload since fiscal 1986, the current SRS projection, which includes an actual decrease in the fiscal 1989 AFDC caseload from the fiscal 1988 level, the potential impact on the caseload of the federal welfare reform, and the increased emphasis on job training and job placement programs. The following table shows the AFDC average monthly caseload from fiscal 1986 through fiscal 1991 as adopted by the legislature.

Table 4
AFDC Average Monthly Caseload for
Fiscal 1985 through Fiscal 1991

	Fiscal 1985	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989	Fiscal 1990	Fiscal 1991
Average Monthly Caseload	7,614	8,672	9,320	9,627	9,432	9,100	9,000
Percent Increase (Decrease)		13.90%	7.47%	3.29%	(2.03%)	(3.52%)	(1.10%)

Because the average payment is higher for the unemployed parent AFDC family, for budgeting purposes the projected AFDC caseload is divided into regular cases and unemployed parent cases. The following table shows the fiscal 1988 actual caseload and payment levels and the 1991 biennium projected caseload and approved payment levels.

Table 5
Legislative Funding For AFDC - Fiscal 1988 and the 1991 Biennium

	Actual Fiscal 1988	Fiscal 1990	Fiscal 1991
Avg. Monthly Caseload			
Regular	8,538	8,190	8,100
Unemployed Parent	1,090	910	900
Payment			
Regular	$321.12	$319.09	$334.24
Unemployed Parent	421.94	416.15	435.92
Cost			
Regular	$32,900,763	$31,359,974	$32,488,589
Unemployed Parent	5,519,062	4,544,381	4,707,929
Funding			
Federal Funds	$26,475,797	$25,553,130	$26,513,678
County Funds	769,954	671,411	650,939
General Funds	11,174,074	9,679,814	10,031,901
Total Funds	$38,419,825	$35,904,355	$37,196,518

Differences between the executive request and legislative funding for the AFDC program results from differences in projected AFDC caseloads and average payment levels. The executive request included projected average monthly AFDC caseloads of 9,868 for fiscal 1990, which is 768 more cases than included in the legislative estimate, and 10,263 for fiscal 1991, which is 1,263 more cases than included in the legislative estimate. The second major difference between the executive request and legislative funding for the AFDC Program relates to differences in the average monthly payment levels. The executive request included a freeze on the average monthly payment levels at $333, while the legislature included payment levels set at 42 percent of the federal poverty index.

Program Expansions:

1. Federal Welfare Reform: This modification would provide funds during fiscal 1990 to continue federal Work Incentive Programs (WIN) in place during the 1989 biennium and provide funds to implement the transitional care provisions of the Federal Welfare Reform Act of 1988. Transitional day care and medicaid must be provided to eligible AFDC recipients beginning April 1, 1990. Total funding during fiscal 1990 is $638,028, of which $64,955 is general fund. Total funding during fiscal 1991 is $5,131,420, of which $845,993 is general fund. During fiscal 1991, the WIN Programs will be discontinued and the federal requirements for welfare reform will be implemented. A major additional federal requirement is development of a job training program to assist AFDC recipients in locating and retaining employment. For fiscal 1991, SRS will transfer $2,255,762 to the Department of Labor for operation of the Job Training Program. The SRS estimate of the cost for the Job Training Program is based on the federal requirement that 7 percent of the AFDC caseload be enrolled in some form of job training program. Three FTE are included for each year of the biennium to develop and implement the federal requirements of welfare reform.

2. The Economic Management System (TEAMS): The legislature appropriated additional funding for the continued development of the department's computerization of local welfare offices. For fiscal 1990, $4,055,918 was appropriated, of which $612,918 is general fund. The appropriation in fiscal 1991 is $4,615,876, of which $692,876 is general fund. Although the development phase of this project was scheduled for completion during the 1989 biennium, SRS encountered a number of problems that delayed the start, and SRS has requested additional funds to complete the project during the 1991 biennium. The total project cost for the TEAMS Program, including expenditures during the 1989 biennium, is projected to be $12,068,000 of which $1,814,000 is general fund. Of the total project costs, the majority ($7.0 million) is for a systems development contractor who would be responsible for developing a statewide system that incorporates the federal reporting requirements of the various federal welfare programs, provides verification of client eligibility, and includes summary statistical information on services utilization. Approximately $2.2 million is set aside for purchase of computer hardware for local county welfare offices and the state office, and the balance of the costs are for the personal services, general operating costs, and Department of Administration computer charges. SRS stated that once the TEAMS project was developed, the ongoing operational costs for the program would be approximately $1.3 million per year at a federal match rate of 50 percent federal funds and 50 percent general fund.

3. Continue Operational Plan Changes: The legislature appropriated additional funds to allow the department to continue 3.50 FTE and certain programs begun during the 1989 biennium through the budget amendment process. Of the 3.50 FTE added, 2.50 FTE were added to the Food Commodities Warehouse operation, and 1.00 FTE was added as a skilled medical professional through enhanced federal matching funds. New federal grant funds were received to provide social services to the homeless and to provide emergency shelter. Approximately $700,000 in federal funds were used to

support the Project Work Program administered through the Department of Labor. By using the federal funds, the Department of Labor was able to revert approximately $600,000 of general fund during fiscal 1988. Total cost for the modified budget is $985,217 in fiscal 1990, of which $9,956 is general fund, and $988,323 in fiscal 1991, of which $10,244 is general fund.

4. Food Commodities: The legislature appropriated $20,000 of general fund for each year of the 1991 biennium for the Food Commodities Program in response to changes in federal regulations that require some state participation in the distribution program.

5. Rewrite of Contract System: The legislature appropriated $30,000 in fiscal 1990 to rewrite the computer program used to monitor the department's contracts. Funding for this modified budget is $15,000 general fund and $15,000 federal funds.

6. Transition to Work: The legislature appropriated $600,000, of which $100,000 is general fund, in additional funding for fiscal 1990 to assist general assistance or AFDC recipients in relocating to other states where they might find suitable employment. The balance of the appropriation are federal funds to be generated by the department from whatever source it can locate.

7. WIN Funds: Previously, federal Work Incentive (WIN) grant funds used by the Department of Labor to operate training programs for AFDC recipients had been awarded directly to that department. A recent change in federal law requires that all federal funds under the Work Incentive Program must be awarded to the federally designated state agency for administration of the WIN Program which is the Department of Social and Rehabilitation Services. Although the WIN program is phasing out during fiscal 1990, the Department of Labor will continue operating existing programs through September, 1989. The Department of Social and Rehabilitation Services needs the appropriation authority to accept the WIN funds which are then passed through SRS to the Department of Labor. The WIN funds needed to continue the operation of the program through September 1989 are $103,182.

8. Job Search and Training: Senate Bill 128 appropriates $1,887,500 each year of the 1991 biennium for the Job Search and Training Program for general assistance recipients. Of the total funds appropriated, $832,265 are general funds for each year of the biennium. Federal funds included in the appropriation are from the United States Department of Agriculture to support job assistance programs for persons who are receiving federal food stamps. Because most state general assistance recipients also receive food stamps, SRS is allowed to fund portions of the Job Search and Training Program with federal food stamp funds. During the 1989 biennium, funding for this program was included in the budget of the Department of Labor and Industry. However, the 1989 legislature made significant program changes in the administration of general assistance as described under the Other Legislation section.

Funding: Total biennial funding for the Assistance Payments Program is approximately 72.3 percent federal funds and 26.8 percent general fund with the balance of funds coming from county reimbursement for the county's share of costs for AFDC. The matching ratio increases from 68.91 percent federal funds in fiscal 1988 to 71.17 percent in fiscal 1990 and 71.28 percent in fiscal 1991. General fund for fiscal 1990 remains at approximately the same level as expended during fiscal 1988, while federal funds increase 6.3 percent.

Difference from Executive: Differences between the executive request and legislative funding for personal services results from 7.67 fewer FTE approved by the legislature than included in the executive request, the fact that the executive included a 2 percent vacancy savings factor but the legislature included zero vacancy savings, and the addition of pay plan funding. The difference in FTE includes six eligibility technician positions requested by the executive in the Assistance Payments Program, but funded by the legislature in the Eligibility Determination Program, 1.00 FTE requested by the executive to assist in development of the TEAMS project that was not funded by the legislature, and a 0.67 FTE that was requested as part of a budget modification for the food commodities program that was not funded by the legislature.

Legislative funding for operating costs are significantly higher than requested by the executive primarily as the result of $2,600,000 of federal funds for each year of the biennium approved by the legislature for the TEAMS project in excess of the executive request.

LEGISLATIVE ACTION

AGENCY: SOCIAL AND REHABILITATION SERVICES

PROGRAM: ELIGIBILITY DETERMINATION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	401.31	405.80	411.20	5.40	405.80	413.20	7.40	9.89
Personal Services	$8,197,501	$8,725,243	$9,354,899	$ 629,656	$8,741,650	$9,784,635	$ 1,042,985	14.12
Operating Expenses	139,835	143,227	143,227	0	142,754	142,754	0	2.43
Equipment	0	10,329	10,329	0	0	0	0	0.00
TOTAL EXPENSES	$8,337,336	$8,878,799	$9,508,455	$ 629,656	$8,884,404	$9,927,389	$ 1,042,985	14.05
FUNDING								
General Fund	$2,111,880	$2,353,129	$2,558,977	$ 205,848	$2,352,622	$2,681,238	$ 328,616	21.17
State Special Rev	0	0	2,385,415	2,385,415	0	2,480,997	2,480,997	0.00
Federal Revenue	6,225,456	6,525,670	4,564,063	(1,961,607)	6,531,782	4,765,154	(1,766,628)	(26.69)
TOTAL FUNDING	$8,337,336	$8,878,799	$9,508,455	$ 629,656	$8,884,404	$9,927,389	$ 1,042,985	14.05

Program Description: The Eligibility Determination Program includes funding for county welfare eligibility staff, clerical staff, and the county welfare directors' salaries. The primary function of the program is to determine eligibility for food stamps, AFDC, medicaid, and general assistance recipients.

Legislative Intent: It is the intent of the legislature that SRS be allowed to hire, through the budget amendment process, such additional eligibility technician personnel as is deemed necessary for non-state assumed counties where there would be no increase in general fund. If any additional county opts for state assumption of its county welfare program, any additional staff hired through the budget amendment process in that county must be terminated.

It is the intent of the legislature that a portion of funds specifically appropriated for implementation of the Catastrophic Coverage Act or the Welfare Reform Act may be used for eligibility determination of additional welfare cases and general relief case loads which are directly attributable to changes in federal eligibility criteria. Eligibility determination of the additional cases may include contracting for services in non-traditional settings. The department will report to the Fifty-second Legislature on the efficiency and cost effectiveness of such an approach to eligibility determination.

Budget: Of the 401.31 FTE shown for fiscal 1988, 12.76 FTE were added through the budget amendment process, making a current level FTE base for fiscal 1988 of 388.55 FTE. The legislature eliminated 6.85 FTE which were primarily eligibility technician positions that had been vacant for over six months to establish an approved current level FTE of 381.70. In addition, the legislature approved 29.50 FTE as program expansions. Pay plan funding adds $345,053 in fiscal 1990 and $719,245 in fiscal 1991. Personal services also increase because vacancy savings is not applied during the 1991 biennium.

Only minor adjustments were made to the operating portion of the budget which is almost entirely expenses related to travel for the eligibility technicians. Equipment included by the legislature for fiscal 1990 is office equipment for the new positions added through the program expansion.

Program Expansions:

1. Additional Technicians in State Assumed Counties: This modified adds 11.00 FTE in the 12 state assumed counties each year of the biennium to stabilize the number of cases per eligibility technician at approximately 310. An additional 6.00 FTE are added in fiscal 1990 and 8.00 FTE are added in fiscal 1991 to compensate for anticipated increases directly related to the significant changes in welfare regulations mandated by the federal government under the Welfare Reform Act and the Catastrophic Coverage Act.

Table 7
Cost for Additional Eligibility Technicians
for State Assumed Counties

	Fiscal 1990	Fiscal 1991	Biennium
FTE	17.00	19.00	19.00
Personal Services	$343,545	$400,831	$744,376
Operating	15,853	4,984	20,837
Total Expenses	$359,398	$405,815	$765,213
General Fund	$186,887	$211,024	$397,911
Federal Fund	172,511	194,791	367,302
Total Funds	$359,398	$405,815	$765,213

2. Additional Technicians in Non-Assumed Counties: This modified would add 9.50 FTE in the non-assumed counties that were added through the budget amendment process during the 1989 biennium and 3.00 FTE for increased workload

created by recent federal changes. Total cost for the additional FTE is $253,299 in fiscal 1990 and $264,397 in fiscal 1991. Funding is a combination of county and federal funds.

Funding: Funding for the program in the 12 counties where the state has assumed responsibility for administration of the county welfare programs is 52 percent general fund and 48 percent federal funds. In the non-assumed counties, funding for the program is 52 percent county funds, which are considered state special revenue funds, and 48 percent federal funds. Approximately 51 percent of the total costs for the Eligibility Determination Program are associated with the state assumed counties.

Difference From Executive: The executive current level request for FTE was 385.30 FTE. In addition, the executive requested 20.50 FTE as program modifications for each year of the biennium. As described under the Budget section, the legislature approved a current level FTE of 381.70. In addition, the legislature approved funding for the 20.50 FTE requested by the executive, funded six additional eligibility technician FTE requested by the executive for the Assistance Payments Program, and 3.00 FTE associated with changes in eligibility due to passage of the federal Catastrophic Coverage Act. The legislature did not include any vacancy savings, whereas the executive included a two percent vacancy savings factor for this program.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

PROGRAM: ADMINISTRATION & SUPPORT

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	72.22	72.20	122.20	50.00	72.20	122.20	50.00	49.98
Personal Services	$1,848,776	$1,871,654	$3,154,989	$1,283,335	$1,875,632	$3,279,773	$1,404,141	70.65
Operating Expenses	974,129	1,137,762	3,663,293	2,525,531	1,014,638	4,134,403	3,119,765	276.06
Equipment	22,663	10,691	77,992	67,301	30,464	125,004	94,540	244.14
Non-Operating	0	0	130,388	130,388	0	198,775	198,775	0.00
TOTAL EXPENSES	$2,845,568	$3,020,107	$7,026,662	$4,006,555	$2,920,734	$7,737,955	$4,817,221	146.93
FUNDING								
General Fund	$ 956,389	$1,028,327	$1,059,304	$ 30,977	$ 975,256	$1,031,755	$ 56,499	10.76
State Special Rev	0	0	542,272	542,272	0	750,591	750,591	0.00
Federal Revenue	1,889,179	1,991,780	4,254,753	2,262,973	1,945,478	4,664,796	2,719,318	125.22
Proprietary Funds	0	0	1,170,333	1,170,333	0	1,290,813	1,290,813	0.00
TOTAL FUNDING	$2,845,568	$3,020,107	$7,026,662	$4,006,555	$2,920,734	$7,737,955	$4,817,221	146.93

Program Description: The Administration and Support Services program includes the director's office, fiscal bureau, legal office, support staff for statistics and research, personnel management, and data processing. The program provides the agency's overall direction for policy development, budgeting, and coordination of services.

Legislative Intent:

The department shall establish an enterprise fund on July 1, 1989 to allow for operation of the child support enforcement program. It is the intent of the legislature that the program collect $1.25 in fiscal 1990 and $1.69 in fiscal 1991 for each $1.00 expended from the enterprise fund. The department is authorized to employ a maximum of 106.00 FTE in fiscal 1990 and 121.00 FTE in fiscal 1991 provided the department meets the legislative performance criteria. The purpose of the additional staff is to meet the requirements of the federal audit performance standards, the 1987 audit corrective action plan, the federal welfare act, and Senate Bills 22, 42, 129, and 177 passed by the 1989 legislature. The department may contract portions of this program as long as it meets legislative performance criteria.

The state share of the AFDC-related support collections and all AFDC and non-AFDC federal incentive payments must be deposited to this enterprise fund from which the state's share of the administrative and operational cost of the program must be paid. Any fund balance in excess of $500,000 in the enterprise account at the end of each fiscal year shall be returned to the general fund. The department shall clearly identify all related revenues and expenditures on the State Budgeting and Accounting System in order for the Office of Budget and Program Planning or the Office of the Legislative Fiscal Analyst to completely evaluate the cost effectiveness of this program.

Budget: A reduction of 1.02 FTE was made by the Administration and Support Program during fiscal 1988 when two administrative positions were transferred to the Assistance Payments Program. In addition, 51.00 FTE were transferred from the Department of Revenue as part of the Child Support Enforcement Bureau. The increase in personal services costs for fiscal 1990 over the fiscal 1988 actual expenditures results from the zero vacancy savings applied to the program in fiscal 1990 by the legislature, in comparison with the 3.5 percent vacancy savings actually experienced by the program during fiscal 1988, and the transferred Child Support Enforcement Bureau FTE. Pay plan funding adds $109,373 to personal services in fiscal 1990 and $227,362 in fiscal 1991.

Exclusive of costs associated with the Child Support Enforcement Bureau and funding for the Telecommunications Program that was funded under House Bill 614, there is an increase of $163,000 in operating costs for fiscal 1990 over the fiscal 1988 actual expenditures. The increase results primarily from four factors: 1) a $84,172 increase in legislative audit fees; 2) an increase of $33,000 in insurance and bonding costs; 3) an increase of $16,000 for postage and mailing due to anticipated increases in medicaid and AFDC warrants; and 4) $8,000 in increased rent charges.

Program Expansions:

1. Child Support Enforcement Bureau - The Child Support Enforcement Bureau was transferred to the Department of Social and Rehabilitation Services from the Department of Revenue via Senate Bill 129. House Bill 100 appropriates $3,559,007 in fiscal 1990, of which $1,555,846 are proprietary funds, and $4,091,965 in fiscal 1991, of which $1,260,677 are proprietary funds. Pay plan allocations will also be made to this program via House Bill 786.

2. Telecommunications - House Bill 614 establishes a program to provide specialized telecommunications equipment and services to handicapped persons. This program is attached to SRS for administrative purposes. Allocation of funds for the program are at the discretion of the Committee on Telecommunications for the Handicapped established by the Governor. Funding for the program is $277,831 in fiscal 1990 and $477,475 in fiscal 1991.

Funding: Support for the current level portion of the program is a combination of 56 percent federal funds, which includes 35 different federal funding sources allocated to the program according to a departmental cost allocation system, 10 percent county funds which are identified as state special revenue, and 34 percent general fund. Funding for the Telecommunication Program is from a 10 cent monthly charge collected from telephone users and included in the budget as state special revenue. Funding for the Child Support Enforcement Bureau is a combination of federal and proprietary funds.

Difference From Executive: The $4.0 million in fiscal 1990 and $4.8 million difference between the legislative funding for the Administration and Support Program and the executive request is almost wholly related to the transfer of the Child Support Enforcement Bureau from the Department of Revenue to SRS. A small portion of the difference is due to the addition of pay plan funding included in the legislative level of funding; the fact that the legislature did not include any vacancy savings, whereas the executive request included a 2.0 percent vacancy savings factor for this program; and funding for House Bill 614.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES — PROGRAM: COUNTY ADMINISTRATION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	$1,309,372	$1,081,737	$1,081,737	$0	$1,123,662	$1,123,662	$0	(17.39)
Equipment	36,483	19,446	19,446	0	16,019	16,019	0	(46.70)
TOTAL EXPENSES	$1,345,855	$1,101,183	$1,101,183	$0	$1,139,681	$1,139,681	$0	(18.18)
FUNDING								
General Fund	$ 881,128	$ 661,706	$ 661,706	$0	$ 702,130	$ 702,130	$0	(24.90)
Federal Revenue	464,727	439,477	439,477	0	437,551	437,551	0	(5.43)
TOTAL FUNDING	$1,345,855	$1,101,183	$1,101,183	$0	$1,139,681	$1,139,681	$0	(18.18)

Program Description: The County Administration Program includes the majority of operating and equipment costs associated with administration of welfare programs in the 12 counties where the state has assumed responsibility for the county welfare programs. Personal services, benefits, and the remaining operational costs associated with state assumption of county welfare programs are contained in the Assistance Payments, Eligibility Determination, and Medical Assistance Programs.

Budget: The major reduction in costs for the County Administration Program results from the shift of approximately $286,000 in operating costs included in the SRS budget for the 1989 biennium that should have been charged to the Department of Family Services budget. After adjusting for the shift in costs to the Department of Family Services, the most significant increase in operational costs for the 1991 biennium over fiscal 1988 actual expenditures is an increase of $36,000 in fiscal 1990 and $69,000 in fiscal 1991 for the contract for management of the billing system for the State Medical Program.

Funding: The County Administration Program is funded through a mix of federal funds and general fund according to a cost allocation formula that includes assessment of federal funds or general fund proportionate to the amount of time county welfare staff spend in either federally funded programs such as AFDC, or in general funded programs such as general assistance. As a percent of total funds, general fund is reduced from 65 percent in fiscal 1988 to approximately 61 percent during the 1991 biennium.

Difference From Executive: There is no difference between the executive request for funding and the level of funding approved by the legislature.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

PROGRAM: MEDICAL ASSISTANCE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	31.99	35.49	36.99	1.50	35.49	36.99	1.50	5.00
Personal Services	$ 881,420	$ 1,016,958	$ 1,105,301	$ 88,343	$ 1,018,478	$ 1,142,391	$ 123,913	25.40
Operating Expenses	1,869,079	2,449,305	2,558,804	109,499	2,433,090	2,418,389	(14,701)	36.90
Equipment	51,155	2,700	2,700	0	2,700	2,700	0	(94.72)
Total Administration	$ 2,801,654	$ 3,468,963	$ 3,666,805	$ 197,842	$ 3,454,268	$ 3,563,480	$ 109,212	30.88
Benefits								
DHES Surveys	$ 207,565	$ 190,110	$ 261,876	$ 71,766	$ 189,741	$ 261,524	$ 71,783	26.17
Disabled Waiver	1,220,592	1,446,059	1,805,671	359,612	1,492,090	1,805,671	313,581	47.93
Elderly waiver	1,597,367	1,893,569	2,364,469	470,900	1,953,781	2,364,469	410,688	48.02
Indian Health	1,577,486	1,735,235	1,735,235	0	1,908,758	1,908,758	0	10.00
Medicare Buy-In	2,213,278	2,781,817	3,661,390	879,573	2,893,090	3,807,845	914,755	65.43
State Medical	4,650,669	4,823,686	4,500,000	(323,686)	5,035,713	4,500,000	(535,713)	(3.24)
Medicaid Institutions	12,997,672	9,862,402	9,862,402	0	9,877,645	9,877,645	0	(24.12)
Medicaid Nursing Homes	48,556,943	51,712,032	50,796,000	(916,032)	51,972,788	50,796,000	(1,176,788)	4.61
Medicaid Primary Care	79,761,553	97,724,031	89,586,666	(8,137,365)	100,919,108	93,273,596	(7,645,512)	12.32
Program Expansion	0	10,851,659	13,263,539	2,411,880	13,729,289	23,816,138	10,086,849	0.00
Total Benefits	$152,783,125	$183,020,600	$177,837,248	$(5,183,352)	$189,972,003	$192,411,646	$ 2,439,643	16.40
TOTAL EXPENSES	$155,584,779	$186,489,563	$181,504,053	$(4,985,510)	$193,426,271	$195,975,126	$ 2,548,855	16.66
FUNDING								
General Fund	$ 44,551,859	$ 48,260,095	$ 45,645,887	$(2,614,208)	$ 50,362,885	$ 49,346,991	$(1,015,894)	2.46
State Special Rev	7,168,000	6,907,000	6,907,000	0	7,030,000	7,030,000	0	(3.64)
Federal Revenue	103,864,920	131,322,468	128,951,166	(2,371,302)	136,033,386	139,598,135	3,564,749	24.15
TOTAL FUNDING	$155,584,779	$186,489,563	$181,504,053	$(4,985,510)	$193,426,271	$195,975,126	$ 2,548,855	16.66

Program Description: The Medical Assistance Program administers a variety of programs designed to meet the medical needs of the state's low income population. Included among these programs is the state's participation in medicaid, which is a joint federal/state funded program to reimburse nursing homes, hospitals, physicians, and other medical service providers for the care and treatment of individuals who qualify for Aid to Families with Dependent Children (AFDC); the aged, blind or disabled; or the medically needy. Home and community based services were significantly expanded under a medicaid waiver program to provide the elderly with an alternative to nursing home care. The State Medical Program, which is designed to provide medical services to indigent persons who do not qualify for medicaid, is also administered through the Medical Assistance Program. Two federal "pass through" grants are administered by the program: 1) funds to conduct reviews of nursing home compliance with federal regulations are passed through to the Department of Health and Environmental Sciences; and 2) federal funds for various health services on Indian reservations are passed through SRS to the reservations.

Legislative Intent:

Transfer of funds may be made among the medicaid-primary care, state medical, and medicaid-nursing home appropriations. No funds may be transferred from these items to any other portion of the SRS budget.

If collections of county mill levies from state assumed counties exceed $6,907,000 in fiscal 1990 and $7,030,000 in fiscal 1991, excepting mill levy funds received from any county becoming state-assumed after fiscal year 1989, there shall be a general fund reversion of an amount equal to the excess mill levy revenue.

The department shall not expand or reduce the amount, scope, or duration of the benefits available to recipients under the Medicaid Primary Care Program during the 1991 biennium unless Title XIX of the federal Social Security Act is amended to require expansion or reduction of benefits as a condition of the state receiving federal financial participation.

It is the intent of the legislature that the Department of Social and Rehabilitation Services study the issue of limiting services provided under the medicaid program through a definition of services that would restrict services to those services medically necessary to prevent significant illness, to alleviate severe pain, to protect life, or to prevent significant disability. The department is further directed to prepare a written report to the legislature and present the report to the Legislative Finance Committee by September 1, 1990.

It is the intent of the legislature that the department shall set the medicaid reimbursement for speech therapists at $29.50 per unit of service in fiscal 1990 and $33.00 per unit of service in fiscal 1991.

It is the intent of the legislature that the Department of Social and Rehabilitation Services implement cost containment strategies within the medicaid program. Cost containment strategies may include increased emphasis on third party collections, increased child support payments, and enhanced utilization and review. Cost containment strategies do not include arbitrary reductions in provider rates of reimbursement. It is anticipated that cost containment strategies implemented by the department will reduce the projected cost of the medicaid program by $1,833,000 in fiscal 1990 and $3,939,000 in fiscal 1991.

The department may develop and implement within current funding a pilot project which allows medicaid recipients greater self-direction, flexibility, and freedom of choice in obtaining personal care services. Implementation of the pilot would be subject to federal approval.

It is the intent of the legislature that the department develop a pilot program under which an existing Home and Community Based Waiver Case Management Team would provide personal care attendant services directly rather than through the current statewide contract. Funding for the pilot program would be derived from a reallocation of current funding for the statewide contract at an amount sufficient to provide services to 20 persons.

It is the intent of the legislature that the department be limited to 10 percent in any shift in the mix of waiver clients, i.e., the number of elderly clients could not decrease to less than 243 or increase to more than 297. The legislature's purpose in limiting the mix of clients is to ensure the current ratio of elderly/disabled clients is maintained through the 1991 biennium.

Budget: As shown in the preceding table, total expenditures for this program increase $25.9 million or 16.7 percent from fiscal 1988 to fiscal 1990. During the same period, general fund increased $1.1 million or 2.5 percent while federal funds increased $25.1 million or 24.2 percent. The significantly higher increase in federal funds is attributable to two factors: 1) the majority of programs included in the Medical Assistance Program are federally funded and the federal/state match changes from an average match rate of 30 percent general fund during the 1989 biennium to an average general fund match rate of 28.7 percent during the 1991 biennium; and 2) the legislature adopted the executive recommendation to include the $4 million per year of general fund for the state's portion of the medicaid reimbursement for state institution care in the various state institution's budgets rather than in the SRS budget, as was the case during fiscal 1988. Total funds increase $14.5 million from fiscal 1990 to 1991 primarily as the result of increases related to changes in federal welfare laws. Because the full impact of the federal changes will not be evident until sometime in fiscal 1991, the Fifty-second Legislature will be confronted with a substantial annualized increase in costs for the 1993 biennium.

Of the 5.00 FTE increase between fiscal 1988 and 1990, 4.00 FTE are administrative positions associated with implementation of the federal requirements under the Omnibus Budget Reconciliation Act of 1987 (OBRA). Two FTE are required to perform utilization and review of long-term care placements, and 2.00 FTE are added to monitor the long-term care contracts and sanctions imposed under OBRA. The remaining 1.00 FTE was added as part of the waiver expansion in Butte and Lewistown. Personal service costs approved by the legislature include zero vacancy savings. Pay plan funding increases personal services costs by $32,895 in fiscal 1990 and $68,390 in fiscal 1991.

Operating costs increase $689,725 or 36.9 percent between fiscal 1988 actual expenditures and the legislature's approved expenditure level for fiscal 1990. The major portion of the increase is related to a series of contracts with the Montana/Wyoming Foundation for Medical Care to provide medical audits of the appropriateness of care in nursing homes and inpatient hospitalization. A second major increase in operating expenses is the legislature's approval of approximately $160,000 in audit fees for fiscal audits of nursing homes and inpatient hospitals that were not included as an expenditure during fiscal 1988. The legislature also approved $155,000 in operating expenses related to implementation of OBRA requirements for screening current nursing home residents. An additional $60,000 was added for computer programming associated with expansion of services for the medicaid program.

The following is a discussion of the individual benefit programs administered by the Medical Assistance Program.

Department of Health Survey: The Department of Health and Environmental Sciences inspects all nursing homes receiving medicaid reimbursement to ensure compliance with federal medicaid regulations. As the state administering agency for medicaid, SRS is awarded funding for the surveys. SRS passes these funds through to the Department of Health. The legislature approved approximately $262,000 for each year of the biennium for the DHES surveys. The increase in the DHES survey funds over the fiscal 1988 actual expenditures results from an increased emphasis on medicaid certification reviews with a corresponding reduction in medicare license reviews. Although funds "passed through" by SRS are 100 percent federal funds, the Department of Health must match these funds with general fund of approximately $75,200 per year. The higher funding level adopted by the legislature for both years of the biennium reflects a revised estimate of the fiscal impact of OBRA.

Medicaid Waiver: As an alternative to nursing home care for the elderly and for disabled persons, medicaid regulations allow reimbursement for a variety of home and community based services. To be eligible for home and community based services, the individual must be certified as requiring the same level of care as would be provided in a nursing home. Services provided under the waiver include case management, homemaker services, respite care, personal care attendant services, adult day care, medical alert, and transportation services. When first authorized by the legislature for the 1985 biennium, the program was specifically targeted at the elderly population. However, as the program expanded, there was an increasing number of disabled individuals served by the program. Table 8 shows the mix of waiver clients and the cost per client for fiscal 1988 and the 1991 biennium as approved by the legislature.

Table 8
Cost For Medicaid Waiver Services
And Average Monthly Caseload for the 1991 Biennium

	Fiscal 1988	Fiscal 1990	Fiscal 1991
Elderly			
Monthly Caseload	205	270	270
Cost per Case	$7,791	$8,757	$8,757
Subtotal	$1,597,367	$2,364,469	$2,364,469
Disabled			
Monthly Caseload	116	154	154
Cost per Case	$10,522	$8,478	$8,478
Subtotal	$1,220,592	$1,305,671	$1,305,671
Intensive Care			
Monthly Caseload	NA	7	7
Cost per Case	NA	$ 71,428	$ 71,428
Subtotal	NA	$ 500,000	$ 500,000
TOTAL COSTS	$2,817,959	$4,170,140	$4,170,140

As shown in Table 8, there is an increase from fiscal 1988 to fiscal 1990 in the average monthly caseload for both elderly and disabled clients. Although the 1987 legislature approved an average monthly caseload of 318 for elderly clients and 130 for the disabled each year of the 1989 biennium, according to SRS, the department had some difficulty during fiscal 1988 in filling all of the available service slots. However, the department testified that during fiscal 1989, the number of clients served has increased significantly and the department is projecting that by the end of fiscal 1989, the average monthly caseload will equal 270 elderly cases and 154 disabled cases. The cost per case for elderly clients increases from fiscal 1988 to fiscal 1990 primarily as the result of an increase during fiscal 1989 in the state's contract for personal care attendants which accounts for over 40 percent of the waiver costs. In addition to the elderly and disabled clients, the department has begun providing intensive waiver services to seven clients. The intensive care clients are individuals who would otherwise require inpatient hospital care. Intensive care patients include ventilator-dependents, quadriplegics, persons with muscular dystrophy, and other severe impairments requiring 24-hour care and supervision. As shown in Table 8, SRS estimates the total cost for the seven intensive care patients to be $500,000 per year of the biennium. Because there should be a reduction in inpatient hospital costs, $500,000 has also been reduced from the primary care portion of the budget. In setting the average monthly caseload and determining the mix between elderly and disabled, the legislature used SRS's allocation of slots and the average monthly caseload projected for fiscal 1989.

Funding for the waiver program approved by the legislature is $830,512 higher in fiscal 1990 than included in the executive request, and $724,269 higher than the executive request in fiscal 1991. The increased funding by the legislature is directly related to the expansion of the program that occurred during fiscal 1989 and which was not included in the executive's projected cost for these services during the 1991 biennium. As noted under the Program Expansion section, the legislature also approved two new waiver teams for the Butte and Lewistown areas for an additional cost of approximately $650,000 per year. Neither of the expanded programs were included in the executive request.

Indian Health: Because SRS is the federally designated state administering agency for the medicaid program, SRS passes through medicaid funds to support a variety of Indian health services on the seven Indian reservations in Montana. These funds are 100 percent federal funds and are passed through to the Bureau of Indian Affairs. The department estimates that $1,735,235 will be available for fiscal 1990 and $1,908,758 will be available in fiscal 1991. These amounts were adopted by the legislature for the 1991 biennium.

Medicare Buy-in: States have the option of paying the medicare Part B premiums for individuals qualifying for medicare, but who are unable to pay the premiums themselves. If the state chooses to pay the premiums, then medical expenses and drugs are paid with federal medicare funds rather than medicaid, which requires a general fund match. The cost of the medicare Part B premium is set by the federal government. The following table shows the medicare buy-in caseload and premium costs for fiscal 1987 through fiscal 1989 and the legislature's approved current level of funding for the 1991 biennium. The figures shown in Table 9 do not include the additional costs for the Medicare Buy-In Program that are mandated under the federal Catastrophic Coverage Act of 1988. These costs are shown under the "Program Expansion" section.

Table 9
Medicare Buy-In Funding 1991 Biennium

	Fiscal 1987	Fiscal 1988	Fiscal 1989	Fiscal 1990	Fiscal 1991
Caseload	8,750	8,900	8,592	8,936	9,293
Monthly Payment	$16.08	$20.79	$30.34	$34.21	$34.21
General Funds	$1,012,767	$1,293,662	$2,012,808	$1,055,579	$1,093,613
Federal Funds	676,700	919,616	1,115,972	2,605,811	2,714,232
Total	$1,689,467	$2,213,278	$3,128,780	$3,661,390	$3,807,845

The difference between legislative funding for the Medicare Buy-In Program and funding included in the executive request is due to the legislature using more current information from an updated projection of the buy-in caseload made during the session.

State Medical: As part of the state's assumption of county welfare programs in fiscal 1984, SRS assumed responsibility for administration and funding of the county level medical program in the 12 state assumed counties. State medical benefits are provided to low income persons who do not qualify for any other form of federal or state medical assistance. Table 10 shows the growth of the costs for the State Medical Program in the 12 state assumed counties from fiscal 1983 through fiscal 1988 and the legislature's approved funding for the 1991 biennium.

Table 10
State Medical Expenditures for Fiscal 1983 through Fiscal 1988 and the Legislature Budget

Fiscal Year	Total Costs
1983	$2,524,512
1984	2,731,042
1985	2,723,848
1986	2,556,945
1987	5,157,717
1988	4,650,669
Legislative Action	
1990	4,500,000
1991	4,500,000

Table 10 shows that although there was an increase in costs during fiscal 1984, the first year of state assumption, in subsequent years the cost of the State Medical Program has actually declined until fiscal 1987 when expenditures for the State Medical Program increased 102 percent over fiscal 1986. Because SRS does not maintain statistical information on the characteristics of state medical recipients, it was not possible to determine the cause of the large increase in costs. During the 1987 legislative session, SRS did provide anecdotal data that suggested the cost was increasing as a result of increased caseloads, increased service utilization, and litigation by hospitals seeking reimbursement for indigent care. However, as shown in Table 10, by fiscal 1988 costs for the State Medical Program were again declining. The legislature adopted funding for the State Medical Program based on a continued decline in the costs of the program through fiscal 1989, and that by the end of the 1989 biennium, the costs will stabilize at $4.5 million per year.

For fiscal 1990, the executive request for the State Medical Program was $323,686 more than legislative funding, and for fiscal 1991 the executive request was $535,713 above the level funded by the legislature. The higher estimate included in the executive request is based on higher caseload projections and higher service utilization rates than included in the estimates adopted by the legislature.

Medicaid-Institutions: Medicaid reimbursement for care in the state institutions is the medicaid rate per day times the total number of days of care minus the third-party reimbursements such as insurance and private payments. Because all state institutions are funded with general fund, the medicaid revenue generated through reimbursements is an important offset to the state's cost of operating the institutions. Table 11 shows the fiscal 1988 actual reimbursement to institutions and the legislature's approved level of funding for the 1991 biennium.

Table 11
Funding Of Medicaid Reimbursement
for State Institutions

Institution	Actual Fiscal 1988	Legislative Action Fiscal 1990	Legislative Action Fiscal 1991
Mt. Dev. Center	$ 8,839,681	$6,792,647	$6,803,146
Center for the Aged	1,337,165	974,964	976,470
Eastmont	1,723,114	1,280,412	1,282,391
Montana State Hospital	1,097,712	814,379	815,638
Total	$12,997,672	$9,862,402	$9,877,645
Funding			
Federal Funds	$ 8,957,163	$9,862,402	$9,877,645
General Fund	4,040,509	-0-	-0-
Total	$12,997,672	$9,862,402	$9,877,645

As shown in Table 11, the legislature approved the executive request to include in the SRS budget only the federal portion of the medicaid reimbursement. The general fund match for the medicaid reimbursement is included as part of the normal appropriation for the individual state institutions. This change in funding does not effect the amount of federal revenue the state will collect for institutional services; it simply represents an accounting adjustment that was made on the recommendation of the legislative auditors. The legislature adopted the executive request for funding the medicaid reimbursement to state institutions.

Medicaid-Nursing Homes: Total medicaid nursing home costs are the product of the total estimated number of nursing home beds, the percent of nursing home beds filled by medicaid patients, and the medicaid reimbursement rate. Although there has been a steady growth in the elderly population and consequently the potential number of medicaid eligible nursing home clients, analysis of the average monthly caseload and average monthly nursing home bed/days used by medicaid eligible clients shows a declining utilization of nursing homes relative to the number of medicaid eligible recipients. Table 12 shows the total nursing home bed/days, medicaid bed/days, cost per bed/day, and the projected medicaid bed/days adopted by the legislature for the 1991 biennium.

Table 12
Total Nursing Home Bed/Days, Medicaid Bed/Days, and
Percent Medicaid Bed/Days of Total

Fiscal Year	Total Bed/Days	Medicaid Bed/Days	Cost Per Day	% Medicaid Bed/Days
1984	2,130,140	1,240,536	$31.22	58.24
1985	2,145,470	1,217,148	32.52	56.73
1986	2,196,570	1,221,768	33.82	55.62
1987	2,455,770	1,278,538	35.75	52.06
1988	2,476,160	1,316,388	36.46	53.16
- -	Legislature	- -		
1990	2,574,525	1,360,000	37.35	52.83
1991	2,580,970	1,360,000	37.35	52.69

The medicaid reimbursement rate shown in Table 12 for fiscal 1990 and 1991 does not include any increase. As part of the program expansion for provider increases, the legislature did approve a rate increase of 3 percent per year for nursing homes. Table 13 shows the fiscal 1988 actual nursing home costs and the approved funding for nursing home reimbursement.

Table 13
Funding of Medicaid
Reimbursement for Nursing Homes

	Actual Fiscal 1988	Fiscal 1990	Fiscal 1991
Federal Funds	$33,461,235	$36,151,513	$36,207,389
General Fund	15,095,708	14,644,487	14,588,611
Total	$48,556,943	$50,796,000	$50,796,000

The difference between the legislative funding and executive request for nursing home reimbursement is the result of differences in the estimated number of bed days and the medicaid rate per day. The executive request was based on more bed/days at a higher daily reimbursement rate of $37.60.

Medicaid-Primary Care: The primary care program provides reimbursement for the costs of inpatient and outpatient hospital care, drug, dental, and mental health services, medical transportation, audiological, speech, and physical therapies, and other medically related services for low income persons who meet the state and federal eligibility criteria for medicaid. The total primary care caseload is made up of two distinct groups: Aid to Families with Dependent Children (AFDC) and the aged, blind and disabled (SSI). Because of differences in service utilization and caseload growth, the primary care benefits are calculated separately for each group.

Basically, primary care costs are determined by three factors: 1) the number of service recipients (caseload); 2) the number of services provided each recipient (utilization); and 3) the cost of the services provided (price). Table 14 shows the caseload, cost per case, and total annual cost of the medicaid primary care program from fiscal 1984 through fiscal 1989.

Table 14
Increases in Average Monthly Recipients, Average Cost/Recipient,
and in Total Annual Cost of Primary Care Services

Fiscal Year	Monthly Eligible	Percent Increase	Monthly Cost/Case	Percent Increase	Total Cost	Percent Increase
			AFDC			
1984	23,108	NA	$ 80.83	NA	$22,414,837	NA
1985	26,468	14.54	74.06	(8.38)	23,729,626	5.87
1986	31,004	17.14	81.77	10.41	29,225,873	23.16
1987	34,337	10.75	85.90	5.05	35,199,257	20.44
1988	34,751	1.21	103.89	20.94	43,322,991	23.08
1989*	33,050	(4.89)	118.66	14.22	47,059,844	8.63
			SSI			
1984	10,279	NA	172.75	NA	21,302,003	NA
1985	10,831	5.37	174.97	1.29	22,741,051	6.76
1986	11,436	5.59	200.18	14.41	27,471,598	20.80
1987	12,114	5.93	226.74	13.27	32,871,493	19.66
1988	12,693	4.78	239.23	5.51	36,438,562	10.85
1989*	13,240	4.31	294.74	23.20	43,291,394	18.81
			TOTAL			
1984	33,387	NA	109.12	NA	43,716,840	NA
1985	37,229	11.51	103.82	(4.86)	46,470,677	6.30
1986	42,440	14.00	111.33	7.23	56,697,471	22.01
1987	46,451	9.45	122.21	9.77	68,070,750	20.06
1988	47,444	2.14	142.29	16.43	79,761,553	17.00
1989*	46,290	(2.43)	162.65	14.31	90,351,238	13.28

*Projected as of December, 1988

As shown in Table 14, total primary care medicaid costs have increased $46.6 million or 107 percent from fiscal 1984 actual expenditures to the projected expenditures for fiscal 1989. During this six-year period, medicaid costs for AFDC recipients have grown $24.6 million or 110 percent, and medicaid costs for SSI recipients have grown $22 million or 103 percent. However, Table 14 also shows the rate of increase in the total cost for primary care has been declining since fiscal 1986.

Total medicaid primary care costs for the 1991 biennium equal the projected number of services provided times the projected cost per service. To establish the rate of increase in total costs for the 1991 biennium, the legislature considered the effects of the increase in services attributable to increased caseloads, the apparent increase in utilization of services by recipients, increased costs associated with changes in medical technology, and the general increase in health care costs, particularly the increase in costs for hospital based services. The legislature adopted a 3.5 percent increase per year in the projected number of services provided for each of the seven major service categories to recognize the effects of changes in patterns of service utilization and increase in SSI caseloads. The legislature adopted a 3.9 percent increase in the cost per service for hospital based services taking into consideration the maximum increase allowed under current federal regulations for hospital services, and a 2 percent increase in the cost per service for fee based service providers such as physicians, physical therapists, mental health practitioners, and dentists. The legislature also approved $1,500,000 per year of federal funds to support inpatient, non-hospital based psychiatric services for youth. However, it is also the intent of the legislature that the department increase its efforts in the area of cost containment. By aggressively pursuing cost containment strategies, the legislature anticipated a $1,833,597 reduction in medicaid costs during fiscal 1990 and a reduction of $3,939,754 in fiscal 1991. Table 15 shows total primary care medicaid funding for fiscal 1988 through fiscal 1991 as approved by the legislature by major service category.

Table 15
Current Level Funding For Primary Care By Major Service Category

Category of Service	Fiscal 1988*	Fiscal 1989	Fiscal 1990	Fiscal 1991
Inpatient Hospital	$31,238,385	$34,433,291	$38,528,356	$41,318,998
Number of Services	N/A	N/A	N/A	N/A
Cost per Service	N/A	N/A	N/A	N/A
Physician	$12,436,429	$13,064,780	$13,792,488	$14,560,729
Number of Services	555,906	575,363	595,500	616,343
Cost per Service	$22.37	$22.71	$23.16	$23.62
Drugs	$ 9,275,396	$ 9,600,035	$10,134,757	$10,699,263
Number of Services	748,541	774,740	801,856	829,921
Cost per Service	$12.39	$12.39	$12.64	$12.89
Other	$ 9,233,306	$ 9,556,472	$10,088,767	$10,650,712
Number of Services	2,605,201	2,696,383	2,790,756	2,888,433
Cost per Service	$3.54	$3.54	$3.62	$3.69
Outpatient Hospital	$ 5,663,209	$ 6,242,414	$ 6,712,873	$ 7,218,789
Number of Services	388,740	402,346	416,428	431,003
Cost per Service	$14.57	$15.52	$16.12	$16.75
Dental	$ 2,996,449	$ 3,101,353	$ 3,274,099	$ 3,456,466
Number of Services	122,534	126,823	131,261	135,856
Cost per Service	$24.45	$24.45	$24.94	$25.44
Other Practitioners	$ 2,386,773	$ 2,470,310	$ 2,607,906	$ 2,753,167
Number of Services	194,471	204,382	211,536	218,940
Cost per Service	$12.27	$12.09	$12.33	$12.58
TOTAL MEDICAID	$73,229,947	$78,468,655	$85,139,246	$90,658,124
Adjustments:				
Add: Rivendell-Billings	$ 2,823,324	$ 2,628,000	$ 2,730,492	$ 2,836,981
Rivendell-Butte	-0-	1,839,600	1,911,344	1,985,887
Shodair-Helena	1,896,375	2,299,500	2,389,181	2,482,358
State Medical	450,000	450,000	450,000	450,000
Less: Intensive Waiver			(500,000)	(500,000)
Refunds	(700,000)	(700,000)	(700,000)	(700,000)
Cost Containment	N/A	N/A	(1,833,597)	(3,939,754)
ADJUSTED TOTAL MEDICAID	$77,699,646	$84,985,755	$89,586,666	$93,273,596

*Based on Revised Fiscal Year 1988 Data

As shown in Table 15, exclusive of adjustments to the major categories of services, funding for the primary care program increases $17.4 million or 23.8 percent from fiscal 1988 actual expenditures to fiscal 1991. In addition to the seven basic services, approximately $7.0 million in fiscal 1990 and $7.3 million in fiscal 1991 is included for inpatient psychiatric care for youth; $450,000 per year is included for costs that will shift from the State Medical Program to medicaid; $700,000 per year reduction for refunds; and a $500,000 reduction related to the intensive care portion of the waiver.

Table 16 presents the funding for the primary care program as approved by the legislature for the 1991 biennium.

Table 16
Funding for Medicaid Primary Care
1991 Biennium

	Fiscal 1988*	Fiscal 1990	Fiscal 1991	% Increase 1988-1991
Federal Funds	$53,542,826	$64,191,279	$66,916,219	24.98
County Funds	7,168,000	6,907,000	7,030,000	(1.93)
General Funds	16,988,820	18,488,387	19,327,377	13.77
Total Funds	$77,699,646	$89,586,666	$93,273,596	20.04

*Based on Revised Fiscal Year 1988 Data.

As shown in Table 16, overall funding for primary care increases 20.0 percent from fiscal 1988 to fiscal 1991. County funds shown in Table 16 are the 12 mills levied by the state assumed counties. These funds are considered state special funds and for accounting purposes have been included in the Primary Care Program. Federal funding increases significantly more than the combined county fund and general fund portion of the budget due to the change in the federal match rate for the medicaid program from 68.9 percent in fiscal 1988 to 71.3 percent federal funding in fiscal 1991.

Current level legislative funding for the primary care portion of the medicaid budget is $15.8 million less for the 1991 biennium than the current level funding included in the executive request. Among the factors contributing to the difference in legislative funding are differences in AFDC and SSI caseload estimates, differences in the utilization of services by recipients, the effects of medical inflation, costs associated with inpatient psychiatric care for youth, and the fact that the legislature had more current information available at the time the appropriation was made than was available when the executive request was prepared. The executive requested assumed AFDC and SSI caseloads would increase four percent per year. Legislative funding included an increase of 3.5 percent per year for caseload growth. While the executive request did not include any funds for inflation, the legislature did increase funding by 3.9 percent for hospital based services to compensate for the combined effects of inflation, increased utilization, and changes in

medical technology. For the fee based providers, the legislature included a 2 percent increase for inflation, utilization, and medical technology. The executive request included $18 million per year for inpatient psychiatric services to youth; the legislature funded inpatient psychiatric services at $7.1 million per year. Finally, a major difference was the estimate of expenditures for 1989 that was used as the base for projecting the funding for the 1991 biennium. The executive request, which was developed during July, 1988, used an estimated expenditure level of $95.9 million for fiscal 1989 as the base for calculating 1991 biennium expenditures. The more recent information available during the session used by the legislature estimated fiscal 1989 expenditures at $85 million.

Program Expansions:

1. Omnibus Budget Reconciliation Act (OBRA): The OBRA of 1987 will have a significant impact on the state's medicaid costs for nursing home care. OBRA mandates changes in the standards for delivery of nursing home care, changes how nursing homes must staff their facilities, imposes standards for training of nursing home personnel, changes the manner and frequency of state inspections of nursing homes, and applies sanctions if the mandated standards are not met. The most expensive single cost for the state is the mandate that the state absorb the cost to provide training for current nurse aids. OBRA requires that after January 1, 1990, nursing homes may not employ nurse aids for more than four months who have not passed a comprehensive test for nurse aid training. The cost to develop and administer the training must be absorbed by the state medicaid program. After considering the testimony from SRS and representatives of the nursing home industry, the legislature adopted the executive recommendation that the state assume responsibility for providing training for existing nursing home staff and for new staff hired in fiscal 1991, but that the nursing homes would have to absorb any increases in wages that might be related to trained versus untrained nurse aid staff. As part of the total costs for implementation of OBRA, the legislature approved $2.7 million in fiscal 1990 and $2.6 million in fiscal 1991 for training related expenses. As discussed under the program expansion section detailing the legislature's action on provider increases, the legislature did approve a 3 percent increase for nursing homes.

Table 17 shows the legislature's approved level of funding for implementation of the OBRA requirements.

Table 17
Funding for Implementation of OBRA Requirements

	Fiscal 1990	Fiscal 1991	Biennium
FTE	4.00	4.00	
Personal Services	$ 111,610	$ 115,244	$ 226,854
Operating	286,100	219,300	505,400
Non-Operating	3,082,567	2,930,874	6,013,441
Total Expenses	$3,480,277	$3,265,418	$6,745,695
General Fund	$ 870,177	$ 825,724	$1,695,901
Federal Funds	2,610,100	2,439,694	5,049,794
Total Funds	$3,480,277	$3,265,418	$6,745,695

As is the case with the Welfare Reform Act of 1988 and the Medicare Catastrophic Coverage Act of 1988, the final federal regulations have not been published, and consequently accurate estimates of the true costs for implementation of these three major federal law changes are difficult. Recognizing the margin for error in projecting costs associated with the three federal laws, it is the legislature's intent that funds appropriated for implementation of the Welfare Reform Act, the Omnibus Reconciliation Act of 1987, and the Catastrophic Coverage Act may be transferred among the three programs, but that no funds appropriated for these acts may be used for any other purpose in SRS.

2. Catastrophic Coverage Act of 1988: The Medicare Catastrophic Coverage Act of 1988 was passed by Congress in June, 1988 with the express purpose of expanding medical coverage to low income elderly persons previously excluded from federal benefit programs. Table 18 shows the funding required to implement the Medicare Catastrophic Coverage Act.

Table 18
Funding for Implementation of the Provisions of the Catastrophic Coverage Act of 1988

	Fiscal 1990	Fiscal 1991	Biennium
Pregnant Women & Children	$ 591,906	$ 753,746	$ 1,345,652
Medicare Buy-In	1,802,619	5,368,033	7,170,652
Co-insurance & Deductibles	1,715,971	3,396,727	5,112,698
Spousal Impoverishment	2,802,657	3,793,587	6,596,244
NH Coverage	(1,650,000)	(1,700,000)	(3,350,000)
Total Expenses	$ 5,263,153	$11,612,093	$16,875,246
General Fund	$ 2,256,407	$ 3,981,772	$ 6,238,179
Federal Funds	3,006,746	7,630,321	10,637,067
Total Funds	$ 5,263,153	$11,612,093	$16,875,246

The Catastrophic Coverage Act requires that by July 1, 1990, states extend medicaid benefits to infants up to the age of 1 year and pregnancy related services to women who would not otherwise qualify for medicaid but whose income is at or below 75 percent of the federal poverty level in state fiscal year 1990, and at or below 100 percent of the federal poverty level in state fiscal year 1991. The department estimates the change in eligibility requirements will add coverage for an additional 238 women and 119 infants to the medicaid program in fiscal 1990, and 238 women and 238 infants in fiscal 1991.

The requirements of the Catastrophic Coverage Act will substantially increase the number of individuals who will qualify for participation in the Buy-In Program. As estimated by SRS, the additional caseload and the increase in the buy-in premium will cost $1.8 million in fiscal 1990, and by fiscal 1991 the additional cost for the program will be $5.4 million. The Catastrophic Coverage Act caused three significant changes in the medicare buy-in program. First, the general fund as a percent of total costs has declined from 62 percent during the 1989 biennium to 29 percent during the 1991 biennium. The reason the percent of general fund has declined is that prior to passage of the Catastrophic Coverage Act, the state paid the full medicare premium for all persons who were eligible for medicaid but who did not receive either an Aid to Families with Dependent Children or Supplemental Security Income (SSI) cash payment. For those individuals receiving an AFDC or SSI cash payment, the federal government paid a portion of the medicare premium at the same rate as regular medicaid reimbursement. Under the new Catastrophic Coverage Act, the federal government pays a portion of the medicare premium for all eligible recipients. The second significant change mandated by the Catastrophic Coverage Act is the increase in the medicare buy-in premium. The payment level shown in Table 9 for the 1991 biennium is the actual payment level for December, 1988. The Catastrophic Coverage Act will require a substantial

increase in the premiums for fiscal 1990 and fiscal 1991. The increased premium costs were included by the legislature as part of the $16.9 million program expansion to cover all of the costs associated with the Catastrophic Coverage Act. Based on testimony provided by SRS, the legislature adopted the program expansion, including an increase in the medicare buy-in premium of $8.00 by the end of fiscal 1989, $12.90 in fiscal 1990, and $18.36 in fiscal 1991. The third significant change in the medicare buy-in program mandated by the Catastrophic Coverage Act is a requirement that the state expand eligibility for the program to all individuals whose income is below the federal poverty income level. According to testimony provided by SRS, this change in eligibility will increase the average monthly caseload by 3,900 in fiscal 1990 and 8,125 in fiscal 1991.

A major provision of the Catastrophic Coverage Act is to alleviate the pressures on families where a spouse has been placed in a nursing home and the family has been required to "spend down" its income to meet current medicaid resource requirements. Under the new law, states will be required to allow at-home spouses to keep income at least equal to 122 percent of the federal poverty level, up to a maximum of $1,500 per month. The law also requires that families be allowed to retain at least $12,000 in personal assets, or half the couple's assets up to a limit of $60,000. SRS estimates implementation of this provision will impact the cost of nursing home care by making some families eligible for medicaid sooner and less personal income would be applied against the cost of care, which medicaid must then pay. Cost for the spousal impoverishment provision is estimated to be $2.8 million in fiscal 1990 and $3.8 million in fiscal 1991.

Because the act also expands federal medicare coverage for skilled nursing home care from 100 to 150 days of care, the cost for medicaid coverage of the additional days covered by medicare is reduced. SRS estimates medicaid costs will be reduced by $1.65 million in fiscal 1990 and $1.7 million in 1991.

3. Provider Rate Increase: The legislature adopted the executive request for a 2 percent increase for providers of medicaid and state medical services. The 2 percent increase for fee-based providers is to be allocated among the providers at the discretion of the department. It is the intent of the legislature that the department use the 2 percent increase to establish some reimbursement parity among the medical specialties and provider groups. With the exception of speech therapists, the legislature specifically rejected designating particular groups or professions to receive increases. Table 19 shows the distribution of the 2 percent increase by program area and the general fund cost.

Table 19
Funding for Provider Rate Increases

Program Area	Fiscal 1990	Fiscal 1991	Biennium
Welfare Reform	$ 2,076	$ 29,756	$ 31,832
Catastrophic Coverage	11,838	30,451	42,289
Waiver	83,403	168,474	251,877
State Medical	90,000	181,800	271,800
Institutions	197,248	383,198	580,446
Nursing Homes	1,523,880	3,093,476	4,617,356
Primary Care	1,759,643	3,780,235	5,539,878
Total Cost	$3,668,088	$7,667,390	$11,335,478
General Fund	$1,057,508	$2,202,074	$ 3,259,582
Federal Funds	2,610,580	5,465,316	8,075,896
Total Funds	$3,668,088	$7,667,390	$11,335,478

4. Nurse Aid Salary Increase: In addition to the 3 percent increase for nursing homes, the legislature provided $390,209 in fiscal 1990 and $803,830 in fiscal 1991 for increases for nurses aid salaries.

5. OB-GYN: The legislature approved the executive request to add $100,000 per year to the SRS budget to be used by the department to enhance availability of child delivery services in rural areas. The department is given discretion to allocate the funds among providers. General funds are $28,830 in fiscal 1990 and $28,720 in fiscal 1991.

6. Waiver Expansion: Testimony presented to the legislature indicated that the Butte area was the last major metropolitan area in Montana that did not have home and community based services available to its elderly and disabled population. The legislature approved an expansion of the waiver program to include establishment of a Home and Community Based Service Team in Butte and the surrounding area. The House Appropriation committee added an additional Home and Community Based Service Team to provide services in a rural setting that includes Fergus, Judith Basin, Golden Valley, Wheatland, Musselshell, and Petroleum counties. It was also the intent of the legislature that the department evaluate the effectiveness of the waiver in reducing nursing home costs and the waiver's direct impact on the construction of new nursing home beds. The mix of clients approved by the legislature for the additional funding was 30 elderly and ten disabled clients per month for each of the two new service teams. Funding for the program is $691,416 in fiscal 1990, of which $249,154 is general fund, and $633,844 in fiscal 1991, of which $182,024 is general fund.

7. Psychiatric Services to Youth: House Bill 304 establishes a two-year pilot for medicaid reimbursement of inpatient psychiatric services for youth in non-hospital based residential treatment centers. Additionally, the bill requires the Departments of Health and Environmental Services, Family Services, and Social and Rehabilitation Services to conduct a study of the need for such services and report the results of the study to the Fifty-second Legislature. House Bill 304 appropriates $68,107 to SRS for each year of the biennium for medicaid reimbursement for inpatient psychiatric services as defined in the bill.

Funding: Funding for the Medical Assistance Program is a mix of general fund, state special, and federal. State special funds are generated by a 12 mill levy in those counties in which the state has assumed the welfare program.

Difference From Executive: The funding level for personal services is higher than the executive request as the result of 1.50 FTE approved by the legislature that were not included in the executive request, the additional costs associated with the pay plan, and the fact that the legislature did not include any vacancy savings, whereas the executive request included a 2 percent vacancy savings factor. The additional 1.50 FTE includes a 0.50 FTE that had been vacant at the time the executive budget was developed and was consequently eliminated. However, the 0.5 position was filled during the session and the legislature approved funding to continue the position. The additional 1.00 FTE is an administrative position approved by the legislature to assist in development on monitoring of the new medicaid waiver programs in Butte and Lewistown.

Legislative funding for operating costs for the Medical Assistance Program are $109,499 higher in fiscal 1990 than included in the executive request, and $14,701 less than the executive request for fiscal 1991. The difference in funding levels is primarily due to a revised estimate of the operating costs associated with implementation of the federal requirements of the Omnibus Budget Reconciliation Act (OBRA). The revised estimate includes $116,900 more in fiscal 1990 and $50,100 in fiscal 1991. The increased costs of OBRA in fiscal 1991 are partially offset by a lower funding level for contracted services in the administration portion of the budget.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES — PROGRAM: AUDIT AND PROGRAM COMPLIANCE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	38.00	42.00	42.00	0.00	42.00	42.00	0.00	4.00
Personal Services	$1,002,593	$1,054,790	$1,112,463	$57,673	$1,056,816	$1,153,421	$96,605	10.96
Operating Expenses	151,362	155,816	155,816	0	156,615	156,615	0	2.94
Equipment	1,864	15,820	15,820	0	3,420	3,420	0	748.71
Non-Operating	120,330	143,926	143,926	0	143,223	143,223	0	19.61
TOTAL EXPENSES	$1,276,149	$1,370,352	$1,428,025	$57,673	$1,360,074	$1,456,679	$96,605	11.90
FUNDING								
General Fund	$ 580,302	$ 613,663	$ 643,428	$29,765	$ 609,044	$ 658,319	$49,275	10.88
Federal Revenue	695,847	756,689	784,597	27,908	751,030	798,360	47,330	12.75
TOTAL FUNDING	$1,276,149	$1,370,352	$1,428,025	$57,673	$1,360,074	$1,456,679	$96,605	11.90

Program Description: The Audit and Program Compliance Program conducts financial audits, quality control reviews, and seeks financial recoveries for all programs administered by SRS. Financial audits determine appropriateness of expenditures, compliance with contract terms, and adequacy of internal fiscal controls. Quality control reviews are conducted on selected AFDC, food stamp, and medicaid cases to assure compliance with state and federal eligibility rules. The program also monitors the medicaid program to recover misspent medicaid dollars, remove or restrict recipients or providers who abuse the system, and ensure that liable third parties, such as insurance or medicare, pay their share before medicaid is billed.

Legislative Intent: It is the intent of the legislature that the Audit and Program Compliance Program conduct quality assurance reviews in counties with state-assumed welfare services. Such reviews must include review of case record, verification of information used to determine eligibility, investigation of fraud, and compliance oversight.

Budget: Personal services costs increase for fiscal 1990 over the fiscal 1988 actual expenditures due to differences in vacancy savings. The program realized a 2.2 percent vacancy savings during fiscal 1988, and the approved funding level for the 1991 biennium includes a zero vacancy saving factor. Pay plan increases and additional investigators added by program expansion also increase personal services expenditures. Minor increases in operating expenses are the result of adjustments to computer processing costs and postage. Non-operating expenses included for this program are federal

funds that are passed through SRS as a grant to the Department of Revenue to investigate food stamp and medicaid fraud. The legislature adopted the executive level for funding the grants based on an estimate of time the Department of Revenue would allocate to food stamp fraud investigation. A similar amount is included in the Department of Revenue budget.

Program Expansion:

1. Additional Liability Investigators - The legislature approved funding for 4.00 FTE - two clerical positions for field offices and two third-party liability investigators. SRS testified that the additional liability investigators are necessary to meet new federal guidelines, and the department further estimated the additional liability investigators would recover approximately $200,000 in medicaid funds that would otherwise be paid by the state. Cost for the additional positions is 50 percent general fund. Total cost for the expansion is $89,777 in fiscal 1990 and $82,899 in fiscal 1991.

Funding: Funding for this program is a mix of general fund and federal funds. The amount of federal funds supporting this program is based on the amount of time audit staff spend in a particular federally funded program. Overall, general fund constitutes approximately 45 percent of the funding for this program.

Difference From Executive: The only difference between legislative funding for the Audit and Program Compliance Bureau and the executive request in the legislative funding includes $36,146 in fiscal 1990 for the pay plan and $75,038 in fiscal 1991 for the pay plan, and a zero vacancy savings factor while the executive request includes no funding for the pay plan and a 2 percent vacancy savings.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES — PROGRAM: VOCATIONAL REHABILITATION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	77.01	77.40	77.40	0.00	77.40	77.40	0.00	0.39
Personal Services	$1,686,614	$1,870,033	$1,974,785	$ 104,752	$1,872,717	$2,050,257	$ 177,540	17.09
Operating Expenses	427,763	558,138	568,335	10,197	553,328	563,525	10,197	32.86
Equipment	12,949	10,742	10,742	0	7,463	7,463	0	(17.04)
Non-Operating	5,069,707	5,256,309	5,736,659	480,350	5,463,544	5,893,506	429,962	13.16
TOTAL EXPENSES	$7,197,033	$7,695,222	$8,290,521	$ 595,299	$7,897,052	$8,514,751	$ 617,699	15.19
FUNDING								
General Fund	$ 556,015	$ 976,162	$ 905,332	$ (70,830)	$1,037,502	$ 967,240	$ (70,262)	62.83
State Special Rev	906,855	1,001,776	765,401	(236,375)	960,005	726,698	(233,307)	(15.60)
Federal Revenue	5,734,163	5,717,284	6,619,788	902,504	5,899,545	6,820,813	921,268	15.44
TOTAL FUNDING	$7,197,033	$7,695,222	$8,290,521	$ 595,299	$7,897,052	$8,514,751	$ 617,699	15.19

Program Description: The primary mission of the Vocational Rehabilitation Program is to provide an array of services to handicapped persons of employable age with the intent of returning them to gainful employment. In compliance with federal Vocational Rehabilitation Act guidelines, the emphasis of the program is on serving the severely disabled.

Legislative Intent: Of the total funds received by the Vocational Rehabilitation Program from the Industrial Accident and Rehabilitation Account, $300,000 per year is to be used to fund counseling and placement costs in the Vocational Rehabilitation Program. No indirect cost may be paid with Industrial Accident and Rehabilitation Account Funds.

The Vocational Rehabilitation and Visual Services Programs are part of the same administrative division in SRS. Because it is difficult to predict the exact mix of visually impaired and vocational rehabilitation clients, it is the intent of the legislature that the Vocational Rehabilitation and Visual Services Programs be allowed flexibility in transferring benefits between programs.

It is the intent of the legislature that funds appropriated for the Supported Employment Program be included as part of the base budget for the 1993 biennium.

Budget: To evaluate the effectiveness of services, it was the intent of the 1987 legislature that expenditures related to the Supported Employment Program, which were added during the 1987 session as a modified budget, not be considered as part of the base for the 1991 biennium. Current level FTE approved by the legislature are 72.40 each year of the biennium. Two FTE approved as current level positions are positions originally approved for the Supported Employment Program but transferred to Section 110, and 2.00 FTE are included in current level as part of the executive replacement of reduced Industrial Accident Rehabilitation Account (IARA) funds discussed under the funding section. A net 0.39 FTE increase is the result of a number of intradepartmental transfers of positions, among the Vocational Rehabilitation, Visual Services, and Assistance Payments programs. During fiscal 1988, the program experienced a vacancy savings of approximately 8 percent. Such a high vacancy savings was due in part to the transfer of the Supported Employment Program from the University of Montana to the state office and other positions in the program which were not filled for the full year. Personal services approved by the legislature include zero vacancy savings. The legislature added $67,478 in fiscal 1990 and $140,211 in fiscal 1991 to fund the pay plan.

The current level operating costs approved by the legislature for fiscal 1990 are $477,063, which is an increase of $78,000 over the fiscal 1988 expenditures adjusted for the Supported Employment Program. The major portion of the increase in current level operating expenses occurred in the administrative costs associated with the federal Section 110 Program and operating costs associated with the Workers' Compensation panels that were not fully operational during fiscal 1988. Operating expenses associated with the Supported Employment Program are approximately $91,000 for each year of the biennium.

To accomplish its mission of providing rehabilitation services to populations with diverse needs, the Vocational Rehabilitation Program administered the following programs during the 1989 biennium:

General Vocational Rehabilitation Services, Section 110: The majority of benefits provided by the Vocational Rehabilitation Program are funded through a combination of 80 percent federal funds and 20 percent state funds under Section 110 of the federal Vocational Rehabilitation Act. In addition, federal funds from Supplemental Security Income (SSI) and Social Security Disability Income (SSDI) are used in this portion of the Vocational Rehabilitation Program. During the 1989 biennium, the state funds used to match the 80 percent federal funds were primarily state special revenue funds from the Industrial Accident Rehabilitation Account. These funds are paid through a 1 percent tax on the compensation paid to injured employees by the employer if self-insured, by insurance companies, and by the Workers' Compensation Division. In fiscal 1988, $865,004 of IARA funds were used to generate approximately $3.4 million of federal funds. According to Montana statutes, use of IARA funds is restricted to services to individuals injured under the conditions specified under the Workers' Compensation Act. However, by generating 80 percent federal funds with state IARA funds, the Vocational Rehabilitation Program has been able to provide services to non-Workers' Compensation eligible clients without having to use general fund. Testimony presented to the legislature by SRS indicated two major funding problems confronting the division during the 1991 biennium. First, SRS anticipates a significant drop in the number of individuals referred to the Vocational Rehabilitation Program who would be eligible for IARA funding. The resulting loss of state matching funds (IARA funds) would severely reduce services to non-Workers' Compensation eligible clients unless the lost IARA funds were replaced with general fund. The department estimated it would need an additional $367,000 of general fund to offset the anticipated loss of IARA funds and maintain the same level of services authorized for the 1989 biennium. Second, even with the additional general fund to offset anticipated loss of IARA funding, SRS anticipates the Vocational Rehabilitation Program will require an additional $105,000 of state

funds (general fund) to meet federal maintenance of effort requirements. Federal requirements included in the 1986 amendments to the Vocational Rehabilitation Act specify that to be eligible for continued federal funding, states must maintain the same level of state funding for the program as the average contributed during the three proceeding years. In total, SRS testified the Vocational Rehabilitation Program would need an additional $350,000 in general fund above the amount expended for fiscal 1988 to maintain the current level of services during the 1991 biennium. The legislature accepted the executive request for the additional general fund to maintain the current level of services in the Section 110 portion of the Vocational Rehabilitation Program. In addition to the increased general fund, the legislature also approved an increase in the Supplemental Security Income (SSI) and Social Security Disability Income (SSDI) funds from $54,000 in fiscal 1988 to $102,378 for each year of the 1991 biennium, and an additional $380,000 in federal Section 110 funds the program would be eligible to receive as a result of the increased general fund match.

Total legislative funding for the Section 110 Program is $527,821 higher than the executive request for fiscal 1990 and $477,488 higher than the executive request for fiscal 1991. However, as a result of changes in the federal/state funding mix, the general fund portion of the budget is $82,861 less in fiscal 1990 than included in the executive request and $95,262 less in fiscal 1991 than included in the executive request.

Extended Employment: The division also administers the Extended Employment Program. This program subsidizes the cost of employment in sheltered workshops for the very seriously disabled who, because of the severity of their disability, are not eligible for federal Section 110 funding. During fiscal 1988, 62 clients received extended employment services at an average cost per client of $4,452. This program is funded entirely with general fund. The legislature approved $269,095 per year for the Extended Employment Program, which is the same level of funding for the Extended Employment Program as authorized for the 1989 biennium and is the level of funding included in the executive request.

Independent Living: The Independent Living Program is intended to provide vocational services to individuals who had previously not been eligible for traditional vocational rehabilitation services due to the severity of their disability. Individuals with disabilities such as muscular dystrophy, brain stem injury, and multiple sclerosis are provided a wide variety of services intended to enhance their ability to live independently and function within their families and communities. Funding for this program is 90 percent federal funds and 10 percent general fund. The legislature approved the same level of funding for the Independent Living Program as was authorized for the 1989 biennium and included in the executive request.

Supported Employment: This program, established by the 1987 legislature, is intended to assist severely disabled individuals in finding and maintaining suitable employment in the private sector. Services provided under this federal grant include counseling, client advocacy, modification of worksites to accommodate severely handicapped individuals, and purchase of specialized adaptive equipment. Because the 1987 legislature specifically required that the Supported Employment Program not be considered part of the base for the 1991 biennium, funding for this program is included as a program expansion.

Program Expansions:

1. Supported Employment: The legislature approved $701,247 for fiscal 1990 and $737,492 in fiscal 1991 for the Supported Employment Program. Of the total funds approved for the Supported Employment Program, $215,224 in fiscal

1990 and $214,661 in fiscal 1991 are included as personal services and operating expenses, with the balance of $486,023 in fiscal 1990 and $522,831 in fiscal 1991 for benefits. The program includes 5.00 FTE each year of the biennium. Funding for the Supported Employment Program is 100 percent federal funds. The appropriated level of funding for the Supported Employment Program is equal to the level included in the executive request.

2. Migrant Workers: The legislature approved a program expansion begun during the 1989 biennium through budget amendment that provides vocational services to migrant workers. Funding approved equals $83,366 in fiscal 1990 and $127,979 in fiscal 1991. This program is 100 percent federal funds.

3. Provider Increase: The legislature approved a 2 percent increase for vocational rehabilitation service providers. The Vocational Rehabilitation Program was given authority to allocate the increase among the various service providers at the department's discretion. Funding for the provider increase is $100,452 in fiscal 1990 of which $13,186 is general fund and $204,266 in fiscal 1991 of which $28,288 is general fund.

Funding: This program receives funds from a variety of federal sources including Section 110 funds from Vocational Rehabilitation, Disability Determination, Supplemental Security Income (SSI), and Social Security Disability Income (SSDI) from the Social Security Administration, Job Training Partnership Act (JTPA), and In-service Training funds from the Department of Education. Additionally, the program receives state special revenue funds from the Industrial Accident and Rehabilitation Account (IARA). Section 110 funds are the only federal funds requiring a match with state funds and are matched at an 80/20 ratio of federal/state funds. State statutes stipulate that no IARA funds may be used in payment of administrative expenses of the Vocational Rehabilitation Program. Approximately 45 percent of the personal service costs for the Vocational Rehabilitation Program are for rehabilitation counselors or other individuals providing direct services to clients. It was the legislature's specific intent that direct clinical services not be considered administrative costs, and that $300,000 per year of the IARA funds available to the Vocational Rehabilitation Program be used to fund counseling and placement costs related to services provided to clients who were eligible for services under the Workers' Compensation Act. Table 20 shows the actual funding for the program during fiscal 1986 and the legislature's approved current level funding mix for the 1991 biennium.

Table 20
Fiscal 1988 Actual Expenditures and Current level Funding
For Vocational Rehabilitation During the 1991 Biennium

	Fiscal 1988	Fiscal 1990	Fiscal 1991
Operations and Service			
Federal In-service	$ 17,917	$ 17,950	$ 17,952
Federal Dis. Determ.	26,133	27,000	27,000
Federal Section 110	1,671,040	1,677,012	1,675,163
Federal Supported Emp.	102,940	0	0
Federal Independent Living	30,827	34,310	34,195
Workers' Comp. Panels	41,845	90,432	88,083
State IARA Funds	0	300,000	300,000
General Fund Match	236,609	124,455	123,979
Pay Plan Funding	0	67,478	140,211
Total Oper. and Svc.	$2,127,311	$2,338,637	$2,406,583
Benefits			
Federal SSI/SSDI	$ 54,085	$ 102,378	$ 102,378
Federal Independent Living	268,737	220,000	242,000
Federal Supported Emp.	508,943	0	0
Federal JTPA	324,787	333,000	333,000
Federal Section 110	2,725,747	3,290,381	3,250,080
State IARA	865,023	365,400	321,000
General Fund Extend Emp.	276,019	269,095	269,095
General Fund Match	46,381	486,565	520,878
Total Benefits	$5,069,722	$5,066,819	$5,038,431
TOTAL COSTS	$7,197,033	$7,405,456	$7,445,014
Funding			
Federal Funds	$5,734,163	$5,755,217	$5,792,268
State Special	906,855	758,093	713,794
General Fund	556,015	892,146	938,952
Total Funding	$7,197,033	$7,405,456	$7,445,014

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

PROGRAM: DISABILITY DETERMINATION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	44.13	44.13	44.13	0.00	44.13	44.13	0.00	0.00
Personal Services	$1,247,123	$1,323,057	$1,377,041	$53,984	$1,324,237	$1,425,452	$101,215	10.42
Operating Expenses	1,052,548	1,186,369	1,186,369	0	1,189,268	1,189,268	0	12.71
Equipment	13,603	83,280	83,280	0	14,000	14,000	0	512.22
Non-Operating	53,810	68,000	68,000	0	68,000	68,000	0	26.37
TOTAL EXPENSES	$2,367,084	$2,660,706	$2,714,690	$53,984	$2,595,505	$2,696,720	$101,215	14.68
FUNDING								
Federal Revenue	$2,367,084	$2,660,706	$2,714,690	$53,984	$2,595,505	$2,696,720	$101,215	14.68

Program Description: The Disabilities Determination Bureau is a federally funded program that conducts disability determinations of Montana applicants for Supplemental Security Income (SSI) and Supplemental Security Disability Income (SSDI) benefits. The Bureau also conducts a limited number of examinations of applicants for the state's medically needy program under a contract with the Medical Assistance Program.

Budget: Increased costs for the personal service portion of the budget result from increases in the number of medical examinations performed by physicians who are included under an aggregate 2.50 FTE, and pay plan costs. Operating costs increase $134,000, primarily due to an increase in the number of contract medical examinations and $20,000 for increased staff travel. Equipment approved by the legislature is part of a change in the computer system operated by the Social Security Administration to track SSI and SSDI recipients.

Funding: Funding for SSI and SSDI disability determinations is 100 percent federal funds from the Social Security Administration.

Difference From Executive: Legislative funding for the Disability Determination Program is slightly higher than the executive request as a result of a zero vacancy savings factor adopted by the legislature and the additional funds for the pay plan.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

PROGRAM: VISUAL SERVICES

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	18.89	18.30	18.30	0.00	18.30	18.30	0.00	(0.59)
Personal Services	$ 467,784	$ 456,148	$ 481,391	$25,243	$ 456,773	$ 499,201	$42,428	2.91
Operating Expenses	108,336	106,571	106,571	0	106,109	106,109	0	(1.63)
Equipment	8,798	3,091	9,346	6,255	3,091	9,129	6,038	6.23
Non-Operating	598,277	632,718	632,718	0	641,204	641,204	0	5.76
TOTAL EXPENSES	$1,183,195	$1,198,528	$1,230,026	$31,498	$1,207,177	$1,255,643	$48,466	3.96
FUNDING								
General Fund	$ 272,174	$ 267,525	$ 273,824	$ 6,299	$ 268,632	$ 278,365	$ 9,733	0.61
Federal Revenue	911,021	931,003	956,202	25,199	938,545	977,278	38,733	4.96
TOTAL FUNDING	$1,183,195	$1,198,528	$1,230,026	$31,498	$1,207,177	$1,255,643	$48,466	3.96

Program Description: The Visual Services Program provides rehabilitation services to the visually impaired and blind. In addition to physical restoration, services include rehabilitation training, orientation and mobility, independent living, and medical care related to visual impairments.

Budget: The reduction of 0.59 FTE occurred as a result of the transfer of several positions among the Vocational Rehabilitation, Visual Services, and Assistance Payments Programs. Personal services approved by the legislature include a zero vacancy savings factor. Operating expenses decrease $1,765 from fiscal 1988 to fiscal 1990 as the result of a minor reduction in rent costs. Equipment approved by the legislature includes minor office equipment and adaptive equipment for visually impaired employees.

Non-operating expenses approved by the legislature fund the Visual Services Program at the same level as appropriated for fiscal 1989. Benefit programs include the Visual Medical Program, the Extended Employment Program, and Rehabilitation Services for Visually Impaired Individuals.

Program Expansions:

1. Independent Living: This program expansion provides federal funds for services to the elderly blind or visually impaired such as radio programming, reading, peer companions, driving and referral services. Total funding is $199,965 per year of the 1991 biennium.

2. Provider Increase: The legislature approved funds for a 2 percent increase for service providers. Total cost for the increase is $8,486 in fiscal 1990, of which $1,072 is general fund, and $16,972 in fiscal 1991, of which $2,146 is general fund.

Funding: Funding for the Visual Services Program is a combination of federal and state general fund. Federal funds included in the program are Vocational Rehabilitation Section 110 funds, federal grant funds for the Independent Living Program, Job Training Partnership Act (JTPA) funds, and a small amount of federal training funds. General funds include the 20 percent required to match federal Section 110 funds and general fund to support the Visual Medical Program.

Difference From Executive: Legislative funding for the Visual Services Program is higher than the executive request due to additional funds appropriated for the pay plan and the fact that zero vacancy savings were applied to the program by the legislature. The legislature also appropriated approximately $6,000 more per year for equipment for visually impaired employees of the Visual Services Program.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES — PROGRAM: DEVELOPMENTAL DISABILITIES

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	32.25	32.25	32.25	0.00	32.25	35.25	3.00	0.00
Personal Services	$ 929,117	$ 928,826	$ 977,197	$ 48,371	$ 930,505	$ 1,089,730	$ 159,225	5.17
Operating Expenses	268,596	284,096	284,096	0	269,187	279,013	9,826	5.77
Equipment	11,354	8,976	8,976	0	1,452	1,452	0	(20.94)
Non-Operating	18,187,191	19,613,747	21,033,843	1,420,096	20,738,120	23,105,789	2,367,669	15.65
TOTAL EXPENSES	$19,396,258	$20,835,645	$22,304,112	$1,468,467	$21,939,264	$24,475,984	$2,536,720	14.99
FUNDING								
General Fund	$ 5,557,804	$ 6,580,873	$ 8,088,386	$1,507,513	$ 7,083,514	$ 9,122,244	$2,038,730	45.53
Federal Revenue	13,838,454	14,254,772	14,215,726	(39,046)	14,855,750	15,353,740	497,990	2.73
TOTAL FUNDING	$19,396,258	$20,835,645	$22,304,112	$1,468,467	$21,939,264	$24,475,984	$2,536,720	14.99

Program Description: The Developmental Disabilities Program is responsible for administration of the state's community based programs for individuals disabled by mental retardation, epilepsy, cerebral palsy, autism, or other related disorders that begin prior to the individual reaching 18 years of age. Division staff are principally administrative, and actual services to clients are provided through contracts between the division and private agencies. Services provided include sheltered employment, day care, special transportation, adult and child group homes, evaluation and diagnosis, respite care, family training, and specialized family care.

Legislative Intent: The Department may pursue funding for the Specialized Services and Support Organization (SSSO) under the federal ICF/MR program should the federal government fail to approve Medicaid Waiver funding for SSSO services.

The Developmental Disabilities Division will present to the 1991 legislature the cost of full compliance with the requirements for early intervention services which are contained in Part H of the federal Education of the Handicapped Act, as amended by Public Law 99-457.

The department may not consider donated or nondepartmental contracted funds obtained by developmental disabilities providers when allocating or contracting state payments for developmental disabilities services.

Budget: Personal services costs increase approximately $48,000 from fiscal 1988 to fiscal 1990, primarily due to pay plan increases and zero vacancy savings applied in fiscal 1990. Operating costs increase $15,500 between fiscal 1988 and fiscal 1990 primarily as a result of increases in postage costs that had been budgeted in the Department of Family Services during the 1989 biennium, and legislative audit costs to provide a federally required audit of the developmental disabilities waiver programs.

The $19,135,749 approved by the legislature as current level benefits for the Developmental Disabilities Program during fiscal 1990 increases $948,559 over fiscal 1988 actual expenditures. However, as shown in Table 21, the 1987 legislature approved expansion of the Developmental Disabilities Program during the 1989 biennium which includes a substantial increase in benefits for fiscal 1989 over the fiscal 1988 level of expenditures. Consequently, the legislature used the fiscal 1989 appropriated level of $18,899,777 as the base in determining 1991 biennium benefit levels.

Table 21
Expansion of DDD Services by Type of Service

Service	FY88 Actual	FY88 Expansion	FY89 Expansion	FY89 Total Slots
Adult Group Home	460		8	468
Intensive Group Home	88			88
Children's Group Home	53		4	57
Transitional Living	301			301
Day Services	1,256	27	8	1,291
Specialized Family Care	74	13	8	95
Family Training	480	99		579
Respite	557			557
Supported Work	75	11	27	113
Evaluation and Diagnosis	340			340
Adaptive Equipment	304			304
Transportation	1,150	15	8	1,173
Total Services	5,138	165	63	5,366
Unduplicated Count of Clients Served	2,142			2,339

In addition to the $18,899,777 approved for fiscal 1989, SRS requested that additional funds be included as part of the current level benefits in three areas: 1) $185,225 in federal funds to continue support for 6 youth currently in group homes that had been referred by the Department of Family Services which also provides the general fund match; 2) $47,902 in additional grant funds made available by the Office of Public Instruction; and 3) $3,450 in increased costs for accreditation standards the executive was not aware of when the budget was originally submitted. The legislature approved funding for the additional services and made a reduction of $605 in DD conference costs also at the request of the executive.

Program Expansions: In addition to current level benefits, the legislature also approved $1,898,094 in program expansion for fiscal 1990, and $4,053,754 in program expansion for fiscal 1991. Table 22 shows the six expansion programs approved by the legislature and their associated funding.

Table 22
Program Expansion for Developmental Disabilities Programs
During the 1991 Biennium

Program Expansion	Fiscal 1990 General Fund	Fiscal 1990 Other Funds	Fiscal 1990 Total Funds	Fiscal 1991 General Fund	Fiscal 1991 Other Funds	Fiscal 1991 Total Funds
1. Early Intervention	$ 100,000	$ -0-	$ 100,000	$ 150,000	$ -0-	$ 150,000
2. Provider Increase	302,274	75,724	377,998	604,544	151,448	755,992
3. SSSO	-0-	-0-	-0-	648,437	1,051,790	1,700,227
4. Farm in Dell	126,400	-0-	126,400	128,928	-0-	128,928
5. Direct Care Increase	1,027,527	217,960	1,245,487	1,048,078	222,320	1,270,398
6. Respite for Unserved	48,209	-0-	48,209	48,209	-0-	48,209
Total	$1,604,410	$293,684	$1,898,094	$2,628,196	$1,425,558	$4,053,754

1. Early Intervention: The Early Intervention Program is geared towards serving families with developmentally delayed children 0 to 2 years old. Services would include family training and provision of some ancillary services such as speech and physical therapy. This program was begun by the 1987 legislature with federal funds to develop a plan for statewide early intervention services for children and infants. In order to receive federal funding in the third and fourth grant years, the state must make a financial commitment to the program. The general fund approved by the legislature would allow the state to continue to receive $286,644 per year in federal grant funds included in the current level benefits.

2. Provider Increase: The legislature approved funds to allow the department to grant a 2 percent per year increase to developmental disabilities providers. The department would be allowed discretion in allocating these funds among the various providers.

3. Specialized Service Support Organization (SSSO): The legislature approved the development of one SSSO to begin operation in November, 1990 that would provide services to 52 developmentally disabled individuals. The SSSO is a collection of group homes and support services located in a single metropolitan area that would be capable of providing a full range of services to severely disabled persons. It was the legislature's intent that residents for the new SSSO be selected from individuals who are on the waiting list for community based services. Further, it was the intent of the legislature that the SSSO be evaluated to determine its effectiveness and efficiency as an alternative model of service for developmentally disabled individuals. Three FTE were added in fiscal 1991 to develop and implement the SSSO.

4. Farm in the Dell: The Farm in the Dell is a program sponsored by the Rural Opportunities Project which is a group of private Montana citizens who have purchased 34 irrigated acres in the Helena Valley and will build a group home on the site which then would be deeded to the state. In addition to providing a group home for 8 developmentally disabled persons and the 34 acres, the program would also include a day activities program for 12 individuals and appropriate transportation services. The state would provide operating costs for the program of $126,400 in fiscal 1990 and $128,928 in fiscal 1991. This program would be funded entirely with general fund.

5. Salary Increase For Direct Care Providers: Developmental disabilities direct care service providers presented testimony to the legislature comparing salaries for workers in private non-profit agencies with salaries for comparable positions at the state institutions. The comparison showed that salaries for positions in non-profit corporations were approximately 46 percent lower than salaries for comparable positions at the state's institutions. Information presented to the legislature by the service providers indicated the cost to bring the non-profit salaries up to state minimum entry levels was $2,491,000 per year of the 1991 biennium. The legislature appropriated $1,245,487 in fiscal 1990, of which $1,027,527 is general fund and $1,270,398 in fiscal 1991, of which $1,048,078 is general fund for salary increases. It was the intent of the legislature that the department allocate funds in a way that would establish priority for raising the wages of the lowest paid direct care employees to the highest level possible given the amount of money available.

6. Respite for Unserved: The legislature approved $48,209 per year of general fund to provide respite care to families of developmentally disabled persons who were receiving no other state funded service. These funds would provide services to approximately 97 families during the 1991 biennium.

Funding: Funding for the Developmental Disabilities Program is a combination of federal Social Services Block Grant (SSBG), Low Income Energy Assistance Program (LIEAP) transfer funds, medicaid, third-party reimbursement, and general fund. Table 23 shows the funding for developmental disabilities current level services as approved by the legislature.

Table 23
Fiscal 1988 Actual Expenditures and Current Level Funding for the 1991 Biennium

	Fiscal 1988	Fiscal 1990	Fiscal 1991
Operations			
Early Intervention	$ 41,354	$ 41,257	$ 41,257
Medicaid	92,407	89,454	85,053
Social Service Block Grant	795,464	799,136	799,136
General Fund	279,840	311,007	294,688
Pay Plan	-0-	29,415	66,347
Total Operations	$ 1,209,065	$ 1,270,269	$ 1,286,481
Benefits			
Third-Party	$ 12,625	$ 16,000	$ 16,000
DFS Funds	4,903	54,346	54,346
Preschool OPI	150,761	190,000	190,000
Early Intervention	123,628	286,644	286,644
LIEAP	971,412	862,436	862,436
Medicaid	3,042,825	3,510,338	3,514,752
Social Service Block Grant	8,603,073	8,069,137	8,069,137
General Fund	5,277,963	6,146,848	6,142,434
Total Benefits	$18,187,190	$19,135,749	$19,135,749
Total Costs	$19,396,255	$20,406,018	$20,422,960
Fund Sources			
General Fund	$ 5,557,804	$ 6,483,976	$ 6,494,048
Federal and Other	13,838,451	13,922,042	13,928,182
Total Funds	$19,396,255	$20,406,018	$20,422,230

Because a large portion of the funding for developmental disabilities benefits is derived from capped federal grant funds (SSBG and LIEAP), the general fund must support a disproportionate share of the costs for increased expenditures. Additionally, any reductions in the level of federal support require either an elimination of services or replacement of lost federal revenue with general fund. The appropriated level of funding for the Social Services Block Grant was $9,289,720 for each year of the 1989 biennium and the appropriated level of LIEAP transfer funds was $1,103,548 per year of the biennium. However, due to reductions in both grants made at the federal level, as shown in Table 23, the actual amounts available each year of the 1991 biennium are $8,868,273 for the SSBG and $862,436 for

LIEAP funds. This represents a total reduction of $639,240 in federal funds available for each year of the 1991 biennium. Rather than eliminate current level services, the legislature opted to replace the lost federal funds with general fund.

Difference From Executive: Only minor differences exist between the executive request and legislative funding for administrative costs of the program. The differences are all related to the legislature adopting a zero vacancy savings factor and the inclusion of pay plan funding in the legislative appropriation. The additional 3.00 FTE approved by the legislature for fiscal 1991 are associated with the development of the Specialized Service Support Organization. Legislative funding for benefit programs is substantially higher than the executive request due to the addition of four program expansions not included in the executive request. The additional costs during fiscal 1990 include $126,400 in funds for the Farm In The Dell, $48,209 in funds for additional respite care, and $1,245,487 in additional funds for salary increase for direct care providers. During fiscal 1991, the additional funds include $128,928 for Farm In The Dell, $48,209 for respite care, $1,270,398 for direct care salary increases, and $1,700,227 to establish a Specialized Service Support Organization. The $3,147,762 in additional program expansion appropriated by the legislature for fiscal 1991 is partially off set by $696,379 that was requested by the executive to fund three intensive group homes but was not included in the final appropriation.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES — PROGRAM: DDPAC

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	6.00	3.00	3.00	0.00	3.00	3.00	0.00	(3.00)
Personal Services	$135,223	$ 63,550	$ 66,050	$2,500	$ 63,561	$ 68,756	$5,195	(51.15)
Operating Expenses	56,352	41,450	41,450	0	41,439	41,439	0	(26.44)
Equipment	615	0	0	0	0	0	0	(100.00)
Non-Operating	199,130	195,000	195,000	0	195,000	195,000	0	(2.07)
TOTAL EXPENSES	$391,320	$300,000	$302,500	$2,500	$300,000	$305,195	$5,195	(22.70)
FUNDING								
Federal Revenue	$391,320	$300,000	$302,500	$2,500	$300,000	$305,195	$5,195	(22.70)

Program Description: The Developmental Disabilities Planning and Advisory Council (DDPAC) is a 100 percent federally funded program that advises state agencies, other councils, local governments, and private organizations on programs and services for the developmentally disabled. The organization and membership of the council is specifically intended to provide developmental disabilities consumers and providers with a forum for input into the state's planning of services for the developmentally disabled.

In addition to its planning function, the DDPAC also contracts with a variety of agencies to provide direct service demonstration and training projects. Of the program's total budget, federal law requires that 65 percent of the funds be spent in grants and benefits for services to the developmentally disabled.

Budget: The reductions in personal services and operating costs between fiscal 1988 and fiscal 1990 result from the completion of a one-time program to establish a single point of access for developmentally disabled individuals for state services. The 3.00 additional FTE funded in fiscal 1988 were contract employees working on the one-time project.

Funding: Funding approved for the program by the legislature is set at the level of anticipated federal grant funds. Funding for the program is 100 percent federal funds.

Difference From Executive: The only difference between legislative funding and the executive request is the additional $2,500 in fiscal 1990 and $5,195 in fiscal 1991 included by the legislature for funding the pay plan.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF FAMILY SERVICES — PROGRAM: AGENCY SUMMARY

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	558.17	563.62	566.37	2.75	562.49	562.49	0.00	8.20
Personal Services	$12,845,515	$13,843,330	$14,744,692	$ 901,362	$13,851,554	$15,215,079	$ 1,363,525	14.78
Operating Expenses	2,575,612	2,805,044	2,845,038	39,994	2,757,328	2,798,675	41,347	10.46
Equipment	121,823	25,916	25,916	0	54,934	54,934	0	(78.73)
Non-Operating	15,339,984	15,682,913	17,879,382	2,196,469	16,028,693	18,804,598	2,775,905	16.55
TOTAL EXPENSES	$30,882,934	$32,357,203	$35,495,028	$3,137,825	$32,692,509	$36,873,286	$ 4,180,777	14.93
FUNDING								
General Fund	$19,570,215	$20,647,259	$22,461,405	$1,814,146	$20,953,279	$24,020,589	$ 3,067,310	14.77
State Special Rev	94,487	195,628	2,544,621	2,348,993	160,640	2,534,725	2,374,085	2,593.09
Federal Revenue	11,218,232	11,514,316	10,489,002	(1,025,314)	11,578,590	10,317,972	(1,260,618)	(6.50)
TOTAL FUNDING	$30,882,934	$32,357,203	$35,495,028	$3,137,825	$32,692,509	$36,873,286	$ 4,180,777	14.93

Agency Description: The Department of Family Services was created by the 1987 legislature to reorganize services provided within the Departments of Institutions and Social and Rehabilitation Services. The department consists of the Management Support Division; the Community Services Division, which includes the Aftercare and Youth Evaluation Programs; Mountain View School; and Pine Hills School.

Budget: FTE increase by 8.20 in fiscal 1990 and are then reduced by 3.88 in fiscal 1991 due to the net of the following eight factors: 1) phasing out of the WIN Program in the Community Services Division reduces FTE by 4.50 in fiscal 1991; 2) annualization of 1.63 FTE secretarial staff added in fiscal 1988 to 3.9 FTE each year adds 2.27 FTE each year; 3) expansion of the day care licensing program adds 1.88 FTE in fiscal 1990 and 2.50 FTE in fiscal 1991 in the Community Services Division; 4) reorganization of the Aftercare Program in the Community Services Division adds 7.0 FTE each year; 5) 4.80 FTE added to open a vacant cottage at Mountain View School were deleted, as the expected population increase did not materialize; 6) 2.00 FTE direct care staff were added to Mountain View School due to assaults on staff; 7) 0.58 FTE substitute teachers were added at Mountain View School due to an arbitration settlement; and 8) 0.73 FTE added via budget amendment in fiscal 1988 to Pine Hills School were deleted.

Personal services increase 14.8 percent primarily for the following reasons: 1) upgrades awarded in fiscal 1989 to social workers, cottage life attendants, and security guards adds $450,172 in fiscal 1990 and $450,459 in fiscal 1991; 2)

no vacancy savings was applied in the 1991 biennium, compared to a realized rate in fiscal 1988 of approximately 4.5 percent; 3) the additional staff adds $347,000 in fiscal 1990 and $335,000 in fiscal 1991; and 4) pay plan adds $542,169 in fiscal 1990 and $1,071,975 in fiscal 1991.

Operating expenses increase 10.5 percent primarily due to the net effect of four factors: 1) a reduction of $125,000 due to the reorganization of the Aftercare Program in the Community Services Division; 2) an addition of $300,000 each year in the Community Services Division for the department's share of expenses for field offices paid by the Department of Social and Rehabilitation Services in fiscal 1988 (a like amount was reduced in the SRS appropriation); 3) the addition of audit expenses of $55,343 in fiscal 1990 in the Management Support Division; and 4) the addition of $45,000 each year to contract for adoption investigations and reports as per Senate Bill 146.

Equipment consists primarily of automotive and miscellaneous office and computer equipment. The decrease of 78.7 percent is largely due to the one-time purchase of equipment to stock the new department in fiscal 1988.

Non-operating expenses are various benefit programs in the Community Services Division, and increase 16.6 percent primarily due to an increase in the Foster Care Program.

Funding: General fund increases by 14.8 percent due to overall agency-wide cost increases, including no vacancy savings taken, the additional staff and upgrades, and an increase in benefits, primarily in the Foster Care Program. State special revenue increases 2593.1 percent due to the addition of fines earmarked for domestic violence programs, the addition of adoption fees, and the reclassification of several federal revenue accounts to state special revenue accounts. State special revenues increase 174.3 percent without the influence of the reclassification. Federal funds decrease 6.5 percent due to the net of changes in the federal participation in administrative costs, an overall increase in the Foster Care Program, and the reclassification of several accounts from federal to state special revenue.

Other Legislation:

Senate Bill 146 authorizes the department to contract with certain parties to conduct adoption investigations and write reports. The bill also authorizes the department to charge for this service and establishes an account. State special revenue of $45,000 was added to House Bill 100 each year for contract services, which is the amount anticipated to be deposited into the account.

House Bill 200, the Montana Child Care Act, designates the Department of Family Services as the lead agency in planning, implementing, and coordinating child care programs. The department is given the responsibility of assessing child care needs and resources, developing a state child care plan, and coordinating child care programs administered by various state agencies. The bill appropriates $120,000 of general fund over the biennium to the department to grant to local child-care resource and referral programs.

House Bill 304 establishes a two-year pilot project for medicaid reimbursement of inpatient psychiatric services in residential treatment facilities. The federal government will reimburse the state with medicaid funds through the Department of Social and Rehabilitation Services for those youth placed by the Department of Family Services at the Yellowstone Treatment Center who qualify. The legislation sunsets at the end of the 1991 biennium.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF FAMILY SERVICES

PROGRAM: MANAGEMENT SUPPORT DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	43.66	43.50	43.50	0.00	43.50	43.50	0.00	(0.16)
Personal Services	$1,225,237	$1,265,803	$1,332,229	$ 66,426	$1,268,649	$1,379,028	$110,379	8.73
Operating Expenses	639,591	672,062	717,062	45,000	603,427	648,427	45,000	12.11
Equipment	46,057	9,236	9,236	0	8,618	8,618	0	(79.95)
TOTAL EXPENSES	$1,910,885	$1,947,101	$2,058,527	$111,426	$1,880,694	$2,036,073	$155,379	7.73
FUNDING								
General Fund	$1,146,426	$1,442,489	$1,480,840	$ 38,351	$1,393,660	$1,478,757	$ 85,097	29.17
State Special Rev	0	0	45,000	45,000	0	45,000	45,000	0.00
Federal Revenue	764,459	504,612	532,687	28,075	487,034	512,316	25,282	(30.32)
TOTAL FUNDING	$1,910,885	$1,947,101	$2,058,527	$111,426	$1,880,694	$2,036,073	$155,379	7.73

Program Description: The Management Support Division provides administrative and fiscal support for the department, as well as overall policy development and program supervision. The division consists of administration, state audit, state aging, and training functions.

Budget: FTE are reduced by a transfer of 0.16 FTE to the Community Services Division. Personal services rise 8.7 percent due to three factors: 1) an increase in benefits from 20.34 percent of salaries in fiscal 1988 to 21.06 percent in fiscal 1990 and 21.15 percent in fiscal 1991; 2) no vacancy savings applied in the 1991 biennium, compared with an actual rate of 4.0 percent in fiscal 1988; and 3) pay plan, which adds $40,596 in fiscal 1990 and $84,491 in fiscal 1991.

Operating expenses increase 12.1 percent because of the net effect of eight factors: 1) audit costs are $55,343 in fiscal 1990. There were no expenditures from the $45,600 biennial appropriation in fiscal 1988; 2) $42,237 in fiscal 1990 and $25,237 in fiscal 1991 was added to allow the department to separate its data base from that of the Department of Social and Rehabilitation Services; 3) $45,000 in contracted services was added each year to contract for adoption investigations and reports as discussed under program expansion #1; 4) $31,003 in one-time costs were deleted; 5) consulting services were reduced by $7,914; 6) payroll service fees were reduced by $9,244; 7) rent was reduced by

$7,443 in fiscal 1990 and $7,116 in fiscal 1991; and 8) deflation, primarily due to communications and computer costs, is approximately $8,000 in fiscal 1990 and $5,500 in fiscal 1991.

Equipment is replacement office and personal computer equipment.

Program Expansions:

1. Adoption Investigations - State special revenue of $45,000 each year was added to House Bill 100 to implement Senate Bill 146, which authorizes the Department of Family Services to contract with licensed social workers and licensed child-placing agencies to conduct adoption investigations and prepare court-ordered reports. The bill also authorizes the department to charge prospective adoptive parents a fee for the investigation and report.

Funding: State special revenue consists of adoption investigation and report writing fees, as discussed under program expansion #1.

With the exception of adoption investigations, the division is funded by a combination of general fund and federal funds. Federal funds are received in four ways: 1) direct funding of all state Aging Program functions by federal aging funds, matched with general fund, totaling $267,466 in fiscal 1990 and $272,677 in fiscal 1991; 2) direct federal reimbursement of training costs totaling $47,578 in fiscal 1990 and $47,731 in fiscal 1991; 3) federal reimbursement of audit costs totaling $41,422 in fiscal 1990 and $42,706 in fiscal 1991; and 4) indirect costs. The actual amount of federal funds received in indirect costs depends on a time study cost allocation system that assesses other programs in the department according to the amount of time staff are involved in specific federally funded programs, and the indirect cost rate negotiated with the federal government. The revenue from this source is $176,221 in fiscal 1990 and $149,202 in fiscal 1991. The decrease in revenue from fiscal 1990 to fiscal 1991 is due to federal participation in the costs of the legislative audit in fiscal 1990.

In fiscal 1988 the department allocated a portion of reimbursements for administration costs from the counties to this division. However, in the 1991 biennium all county reimbursements were transferred to the Community Services Division causing federal funds to decrease 30.4 percent. County reimbursements are reclassified as state special revenue in the 1991 biennium.

Difference From Executive: The difference between the legislative appropriation and the Governor's budget is due to the following factors: 1) the executive applied a two percent vacancy savings rate, which reduced personal services by $25,830 in fiscal 1990 and $25,888 in fiscal 1991; 2) pay plan adds $40,596 in fiscal 1990 and $84,491 in fiscal 1991; and 3) the executive budget totals do not include $45,000 each year to implement Senate Bill 146.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF FAMILY SERVICES

PROGRAM: COMMUNITY SERVICES DIVISION

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	327.02	335.58	338.33	2.75	334.45	334.45	0.00	11.31
Personal Services	$ 7,389,329	$ 8,165,344	$ 8,682,447	$ 517,103	$ 8,156,289	$ 8,915,087	$ 758,798	17.50
Operating Expenses	1,022,249	1,170,552	1,168,643	(1,909)	1,181,907	1,181,907	0	14.32
Equipment	36,105	13,365	13,365	0	22,365	22,365	0	(62.98)
Total Operating	$ 8,447,683	$ 9,349,261	$ 9,864,455	$ 515,194	$ 9,360,561	$10,119,359	$ 758,798	16.77
Benefits								
West Yellowstone	$ 7,150	$ 5,362	$ 5,362	$ 0	$ 5,362	$ 5,362	$ 0	(25.01)
Home Health	15,000	15,000	15,000	0	15,000	15,000	0	0.00
Child Abuse	56,258	83,731	83,731	0	83,731	83,731	0	48.83
Domestic Violence	184,353	209,868	255,000	45,132	174,868	220,000	45,132	38.32
Subsidized Adoption	217,569	199,504	199,504	0	199,504	199,504	0	(8.30)
Big Brothers	162,564	110,492	165,000	54,508	110,492	165,000	54,508	1.50
Refugee	218,473	150,000	150,000	0	150,000	150,000	0	(31.34)
Alcohol and Drug	180,878	205,000	205,000	0	205,000	205,000	0	13.34
Day Care	633,240	697,855	780,369	82,514	708,549	726,585	18,036	23.23
SSI	838,250	847,274	856,298	9,024	847,274	895,402	48,128	2.15
Aging	4,523,237	4,648,100	4,752,547	104,447	4,648,100	4,752,547	104,447	5.07
Foster Care	8,267,743	8,449,293	10,350,137	1,900,844	8,819,393	11,325,047	2,505,654	25.19
Children's Trust	35,269	61,434	61,434	0	61,420	61,420	0	74.19
Total Benefits	$15,339,984	$15,682,913	$17,879,382	$2,196,469	$16,028,693	$18,804,598	$ 2,775,905	16.55
TOTAL EXPENSES	$23,787,667	$25,032,174	$27,743,837	$2,711,663	$25,389,254	$28,923,957	$ 3,534,703	16.63
FUNDING								
General Fund	$13,937,566	$14,500,572	$15,980,139	$1,479,567	$14,817,264	$17,341,275	$ 2,524,011	14.66
State Special Rev	44,894	141,194	2,178,071	2,036,877	106,181	2,160,963	2,054,782	4,751.59
Federal Revenue	9,805,207	10,390,408	9,585,627	(804,781)	10,465,809	9,421,719	(1,044,090)	(2.24)
TOTAL FUNDING	$23,787,667	$25,032,174	$27,743,837	$2,711,663	$25,389,254	$28,923,957	$ 3,534,703	16.63

Program Description: The Community Services Division provides a variety of social services to children, adults, and senior citizens to ensure their health, welfare, and safety. Services to children include foster care, protective day care, Big Brothers and Sisters, adoption referral and counseling, and coordination of youth court and school programs to reduce instances of delinquency. Services to adults include spouse abuse counseling, services to unmarried parents, health and nutrition programs, and work incentive programs. Services to senior citizens include congregate meals, transportation, funding for senior centers, homemaker services, and legal advocacy. The division is also responsible for administration of the state's supplemental security income payments to eligible recipients.

The department transferred the Aftercare and Youth Evaluation Programs to this division in fiscal 1988. The Aftercare Program provides supervision for adjudicated youth in need of supervision or for juvenile delinquents. The Youth Evaluation Program provides 45 day evaluations of youth aged 10-17 who have been referred by the courts. These evaluations are provided in a less restrictive community environment rather than in an institutional setting such as Pine Hills or Mountain View.

Legislative Intent:

The Department of Family Services shall develop a plan for the implementation of a continuum of youth services for the State of Montana to be presented to the 52nd Montana Legislature.

The plan for implementation should address the following goals and objectives:

1. Stabilize the rate system for existing child care providers by phasing in a percentage increase of the state's rates with a goal toward adequate funding to insure continued provision of existing services.

2. Quantify the numbers of children served and the numbers of children unserved or underserved.

3. Complete the continuum of care necessary to address the needs of children in the custody of the Department of Family Services by developing or enhancing programs in the following areas:

   a. Prevention of child abuse and neglect and juvenile delinquency.

   b. Family based and in-home services for families in crisis.

   c. Intermediate level services, including specialized or therapeutic foster care and group care.

   d. Development of services to address the needs of the children in the following categories:
      - juvenile sex offenders
      - dually-diagnosed (developmentally disabled and emotionally disturbed) children
      - juvenile delinquents in need of community juvenile corrections programs
      - chronically mentally ill children
      - severely emotionally disturbed children

It is recognized that the planning process for the development of the youth services system must be tied to the local level. The establishment of the ten Local Youth Services Advisory Councils across the state provides the best mechanism for local participation in the planning process. All planning to address the needs of youth should be undertaken in conjunction with these local councils.

Item 2a contains $49,584 of general fund and $1,987 of federal funds in fiscal 1990 and $66,113 of general fund and $2,650 of federal funds in fiscal 1991 for 2.50 FTE day care licensing personnel. Should additional federal funds become available for this program on or before October 1, 1989, they shall replace general fund to the fullest extent possible.

Budget: FTE increase by 11.31 in fiscal 1990 and by 7.43 in fiscal 1991 as the net result of five factors: 1) 0.16 FTE was transferred to this division from the Management Support Division; 2) 1.63 FTE secretarial staff added midway through fiscal 1988 were maintained at an annualized FTE of 3.90 for an addition of 2.27 FTE each year; 3) Work Incentive (WIN) workers are phased out in the 1991 biennium, reducing FTE by 4.50 in fiscal 1991; 4) 1.88 FTE in fiscal 1990 and 2.50 FTE in fiscal 1991 were added to expand the department's day care licensing capacity (the FTE have an effective starting date of October 1, 1989); and 5) 7.00 FTE were added in the reorganization of the Aftercare Program. In fiscal 1988, aftercare services were provided by field staff and through contracts with four group homes located in Great Falls, Billings, Missoula, and Helena. The department has eliminated the group home contracts in fiscal 1989 and added 7.00 FTE to staff a transition center at Billings for youth from Pine Hills School, and an independent living program in Missoula. Total expenses of the program remain the same.

Personal services rise 17.5 percent as a net result of five factors: 1) there was no vacancy savings taken in the 1991 biennium, compared to a fiscal 1988 rate of approximately 4 percent; 2) upgrades awarded to all social workers and cottage life attendants on January 1, 1989, add $311,894 in fiscal 1990 and $312,118 in fiscal 1991 (social worker supervisors received upgrades on July 1, 1988 costing approximately $55,000 per year); 3) the addition of 7.00 FTE to the Aftercare Program adds $317,287 in fiscal 1990 and $317,623 in fiscal 1991; 4) pay plan adds $291,080 in fiscal 1990 and $598,739 in fiscal 1991; and 5) phasing out of the WIN social workers reduces fiscal 1991 by $106,155.

Operating expenses rise 14.3 percent due to the net of two factors: 1) the reduction of operating expenses of over $125,000 due to the reorganization of the Aftercare Program; and 2) a net addition of $300,000 each year for the department's share of expenses for field offices paid by the Department of Social and Rehabilitation Services in fiscal 1988. A like amount was reduced in the SRS appropriation.

Equipment includes miscellaneous office equipment, a telephone system, and an automobile.

The following table shows each of the administrative components of the Community Services Division.

Table 1
Community Services Division
Fiscal 1990 and 1991

Fiscal 1990	Regional Staff	WIN Social Workers	Children's Trust	Youth Evaluation	Aftercare	Total
FTE	315.83	4.50	0.00	5.00	13.00	338.33
Personal Services	$8,131,366	$110,047	$ -0-	$112,580	$328,454	$ 8,682,447
Operating Expenses	1,023,547	1,832	9,760	23,416	110,088	1,168,643
Equipment	13,365	-0-	-0-	-0-	-0-	13,365
Total Operating Exp.	$9,168,278	$111,879	$9,760	$135,996	$438,542	$ 9,864,455
General Fund	6,198,555	$ 11,188	$ -0-	$135,996	$435,742	$ 6,781,481
State Special	894,427	-0-	9,760	-0-	2,800	906,987
Federal Revenue	2,075,296	100,691	-0-	-0-	-0-	2,175,987
Total Funding	$9,168,278	$111,879	$9,760	$135,996	$438,542	$ 9,864,455
Fiscal 1991						
FTE	316.45	0.00	0.00	5.00	13.00	334.45
Personal Services	$8,456,806	$ -0-	$ -0-	$117,397	$340,884	$ 8,915,087
Operating Expenses	1,036,936	-0-	9,761	23,808	111,402	1,181,907
Equipment	22,365	-0-	-0-	-0-	-0-	22,365
Total Operating Exp.	$9,516,107	$ -0-	$9,761	$141,205	$452,286	$10,119,359
General Fund	$6,479,557	$ -0-	$ -0-	$141,205	$449,486	$7,070,248
State Special	912,332	-0-	9,761	-0-	2,800	924,893
Federal Revenue	2,124,218	-0-	-0-	-0-	-0-	2,124,218
Total Funding	$9,516,107	$ -0-	$9,761	$141,205	$452,286	$10,119,359

Non-operating expenses are comprised of several benefit programs.

West Yellowstone: Services provided under this general fund grant include social services to the West Yellowstone community where there is no full-time department employee. Funding consists of general fund and is maintained at the fiscal 1988 level. Fiscal 1988 includes the required local match of $1,788. These funds do not require an appropriation and are not included in the 1991 biennium.

Home Health: This general fund grant provides homemaker services to Lewis and Clark County, which has to provide a $15,000 match.

Child Abuse: This is a 100 percent federal funded program. Funds are used to contract for education and information dissemination about physical and sexual abuse of children. Funding was set according to the anticipated level of federal funds, or $83,731 each year.

Domestic Violence: This program provides protection and counseling services to abused spouses. Services are provided through contracts with local agencies for safe homes, a 24-hour crisis line, and public awareness and education programs. In the 1989 biennium, funding was tied to revenues received from $14 of the $30 marriage license fee. It is the legislature's intent that funding for this program no longer be tied to the marriage license fee. Funding consists of three sources: 1) general fund of $135,000 each year; 2) federal grants of $50,000 each year; and 3) state special revenue of $70,000 in fiscal 1990 and $35,000 in fiscal 1991 as discussed in Program Expansion #6.

Subsidized Adoption: This program is designed to assist families in adopting children with special needs such as physical or mental handicaps, or in adoption of sibling groups. The actual amount of the subsidy paid to the family varies according to the severity of the disability and the financial resources of the family. If the child is eligible for federal participation under Title IV-E, funding is shared at the same federal matching rate as medicaid. If the child is not IV-E eligible, the cost is 100 percent general fund. Funding was set at the fiscal 1988 level of expenditure, or $109,637 of general fund and $89,867 of federal funds for a total of $199,504 each year.

Big Brothers and Sisters: Supplementary general fund from the state is provided to county Big Brothers and Sisters Programs, which provide services to youth in need of an appropriate adult role model. The 1987 legislature tied funding of this program to revenues received from $30 of the $100 marriage dissolution fee which totaled $110,472 in fiscal 1988. It is the intent of the legislature that the funding no longer be tied to the revenue. Funding is set at $165,000 each year of the biennium.

Refugee: Federal refugee funds provide a variety of services for Indo-Chinese refugees, including unaccompanied minor services through Lutheran Social Services. Funding is set at the anticipated level of federal funds, or $150,000 each year. The department received one-time refugee stabilization funds in fiscal 1988.

Alcohol and Drug Program: This program provides residential alcohol and drug treatment for indigent youth. Eligibility is set by department rule. A youth must meet AFDC income standards, be an adjudicated delinquent, be determined by a certified alcohol counselor as in need of treatment, and be placed in a treatment program approved by the Department of Institutions. The department reimburses treatment providers $110 per day for a maximum of 40 days

per youth. Funding is provided by a tax of $0.30 per barrel of beer sold. Funding for the 1991 biennium is the anticipated tax revenue to the general fund, or $205,000 each year.

Day Care: Day care is provided to youth and adults identified as abused or neglected as a protective service. Care is provided in either a family home, group home, or day care center. Based on client eligibility, funding is either 100 percent general fund, 100 percent federal funds in the case of refugee clients, or general fund with federal IV-A funding at the medicaid reimbursement rate for all AFDC eligible clients. Current level funding was maintained at the fiscal 1988 level of $338,801 of general fund and $288,454 of federal funds each year, or a total of $627,255. The federal funds include grants of $50,000 in addition to federal matching funds. In addition, the legislature funded a rate increase of $0.50 per day in fiscal 1990 and a further $1.00 per day in fiscal 1991 for all providers which is discussed under Program Expansion #3. Passage of House Bill 200 adds $120,000 over the biennium to implement the Montana Child Care Act, as discussed under Program Expansion #5.

Supplemental Security Income: Supplemental security income (SSI) is provided to federal SSI benefit recipients residing in certain licensed facilities to provide a supplementary income to their normal federal SSI payments. The primary purpose of the payment is to help residents remain in the least restrictive environment possible. Consequently, payment is based on the recipient's type of community residence, ranging from $26.00 per month for developmental disabilities semi-independent living homes to $94.00 per month for personal care homes. Funding was set at the fiscal 1989 level of $847,274 each year, which includes additional group home placements over the fiscal 1988 level. In addition, funding of a group home and a Specialized Service and Support Organization (SSSO) by the legislature in the Department of Social and Rehabilitation Services increases the payments made by the Department of Family Services by an additional $9,024 in fiscal 1990 and $48,128 in fiscal 1991. This addition is discussed under Program Expansion #7.

Aging Services: Aging services include a variety of services designed to enable older Americans to maintain an independent lifestyle and avoid unnecessary institutional care. Services are provided through contracts with eleven regional Area Agencies on Aging (AAAs), and include legal advocacy, congregate and home meals, and information and referral services. The following table shows funding from fiscal 1988 through fiscal 1991.

Table 2
Aging Services
Fiscal 1988 through 1991

General Fund	Fiscal 1988	Fiscal 1989	Fiscal 1990	Fiscal 1991
State Match	$ 187,735	$ 192,449	$ 192,796	$ 192,796
Information/Referral	122,445	137,681	137,681	137,681
In-Home Services	309,414	316,000	316,000	316,000
Total General Fund	$ 619,594	$ 646,130	$ 646,477	$ 646,477
Federal Funds				
IIIC-1 Congregate Meals	$1,698,117	$1,654,613	$1,675,943	$1,675,943
IIIC-2 In-Home Meals	376,915	352,143	369,405	369,405
IIID In-Home Services (Frail)	-0-	-0-	22,748	22,748
IIIB Social Services	1,257,595	1,264,878	1,280,994	1,280,994
Cash-In-Lieu	470,175	626,980	626,980	626,980
Title IV Training	26,664	30,000	30,000	30,000
Aging Admin. Pass Through	31,884	-0-	100,000	100,000
Budget Amendment	42,293	-0-	-0-	-0-
Total Federal Funds	$3,903,643	$3,928,614	$4,106,070	$4,106,070
Total Expenditures	$4,523,237	$4,574,744	$4,752,547	$4,752,547

Foster Care: Through contracts with providers, foster care provides a continuum of protective services and treatment for youth. The rise in total foster care funding is a result of two factors: 1) an increase in rates paid to providers, which is discussed under Program Expansion #1 and #2; and 2) projected increases in the number of youth receiving services from 2,792 in fiscal 1988 to 2,918 in fiscal 1990, and an increase in the number of days of care from 411,502 to 426,444. The increase in days of care is projected to be greatest in family foster care with an increase of 6 percent, and in out-of-state treatment with a 5.9 percent increase. The cost per day for care is not expected to rise. Table 3 shows foster care expenditures for current level services since fiscal 1986.

Table 3
Foster Care - Funding
Fiscal 1986 through Fiscal 1991

	Actual Fiscal 1986	Actual Fiscal 1987	Actual Fiscal 1988*	Projected 1989	- - - - Appropriated - - - - Fiscal 1990	Fiscal 1991
General Fund	$4,442,184	$5,040,562	$5,337,534	$5,607,234	$ 5,504,623	$ 5,660,523
Federal Funds	1,429,245	1,722,714	1,745,780	2,221,271	2,182,259	2,234,559
County Funds	1,155,602	1,160,890	1,184,429	996,732	1,139,650	1,139,650
Program Expansion	-0-	-0-	-0-	-0-	1,220,562	2,251,070
BA Continuations	-0-	-0-	-0-	-0-	303,043	39,245
Total	$7,027,031	$7,924,166	$8,267,743	$8,825,237	$10,350,137	$11,325,047

*Actual fiscal year SBAS based on estimated reimbursements.

Program expansions in the 1991 biennium are provider rate increases as discussed in Program Expansions #1 and #2. "BA Continuations" are federal funds added to continue three programs begun via budget amendment in the 1989 biennium, as discussed under Program Expansion #8.

Funding for the foster care program is a mix of federal, county, and general fund that depends on the financial eligibility and county of origin of the child. The federal government pays a portion of the costs for all AFDC eligible youth with IV-E funds up to the medicaid rate, and 100 percent of all refugee costs with refugee funds. In all counties where the state has assumed responsibility for welfare programs, general fund provides all non-federal costs. For those in non-assumed counties, the county is responsible for not more than 50 percent of non-federal costs. When the Department of Family Services was created, a ceiling was placed on county contributions for foster care at the total fiscal 1987 expenditure for each county, or an aggregate of $1,139,650. County funding in the 1991 biennium assumes full county funding up to the ceiling.

Children's Trust: This program funds services and activities operated by nonprofit private or public community-based educational and service organizations, relating solely to the prevention of child abuse and neglect. The program is administered by the Children's Trust Fund Board, which allocates funds and monitors contract performance. Funding is provided by a combination of: 1) $5 of the $100 marriage dissolution fee; 2) tax write-off contributions; and 3) other donations. Funding totals $61,434 in fiscal 1990 and $61,420 in fiscal 1991.

Program Expansions:

1. Group Foster Care Provider Rate Increase - The 1987 legislature directed the Department of Family Services to develop a rate structure for shelter care, group homes, and residential treatment foster care providers to provide a more equitable reimbursement for services. The department developed a model rate structure based upon levels of supervision and treatment. Providers are currently receiving an average of approximately 62 percent of the model. The legislature added $1,032,318 of general fund and $127,191 of federal funds for a total of $1,159,509 in fiscal 1990 to bring providers up to 85 percent of the model; and $1,944,204 of general fund and $183,535 of federal funds for a total of $2,127,739 to bring providers up to 100 percent of the model rate in fiscal 1991. Total biennium costs are $2,976,521 of general fund and $310,726 of federal funds. It is the intent of the legislature that the rates of providers whose current rate is over the funded percent of the model rate will not be lowered.

2. Family Foster Care Provider Rate Increase - A 2 percent per year increase was approved for family foster care providers. Cost of the increase is $45,717 of general fund and $15,337 of federal funds for a total of $61,054 in fiscal 1990, and $92,349 of general fund and $30,981 of federal funds for a total of $123,330 in fiscal 1991. The following table shows total foster care funding in the 1991 biennium.

Table 4
Total Foster Care
1991 Biennium

Object of Expenditure	Fiscal 1990	Fiscal 1991
Current Level Foster Care	$ 8,826,531	$ 9,034,733
Group Provider Rate Increase	1,159,509	2,127,739
Family Foster Provider Rate Increase	61,054	123,330
BA Continuations	303,043	39,245
Total Foster Care	$10,350,137	$11,325,047
Funding		
General Fund	$ 6,582,657	$ 7,697,077
Federal Funds	2,627,830	2,488,320
County Funds	1,139,650	1,139,650
Total Funding	$10,350,137	$11,325,047

3. Day Care Provider Rate Increase - An increase of $0.50 per day in fiscal 1990 and an additional $1.00 per day in fiscal 1991 was added for day care providers. Providers currently receive $8.00 per day for family care, $8.50 per day for group care, and $9.00 per day for day care center care. Costs of the increase are $19,426 of general fund and

$13,688 of federal funds for a total of $33,114 in fiscal 1990, and $58,271 of general fund and $41,059 of federal funds for a total of $99,330 in fiscal 1991.

4. Expanded Day Care Licensing - General fund of $51,072 in fiscal 1990 and $70,215 in fiscal 1991 and federal funds of $2,051 in fiscal 1990 and $2,827 in fiscal 1991 were included to add 1.88 FTE in fiscal 1990 and 2.50 FTE in fiscal 1991 day care licensing staff in response to workload increases and involvement in federal welfare reform. The positions are delayed until October 1, 1989 in order to allow the department to take advantage of additional federal funds should they become available.

5. Montana Child Care Act - General fund of $120,000 over the biennium was added to grant to local child-care resource and referral programs as part of House Bill 200, the Montana Child Care Act.

6. Battered Spouses/Domestic Violence - The 1987 legislature passed two bills allocating 1 percent of fines and forfeitures collected in Justice Court and 50 percent of fines imposed for domestic abuse to the domestic violence program. However, the department was not granted an appropriation to expend those funds. The Legislature added $70,000 in fiscal 1990 and $35,000 in fiscal 1991 of state special revenue to allow expenditure of the $35,000 fund balance and on-going revenues of $35,000 each year.

7. Supplemental Security Income - The legislature added an additional eight group home placements and a specialized services and support organization (SSSO) serving 52 clients in the Developmental Disabilities Division of the Department of Social and Rehabilitation Services. All residents will be eligible for the state SSI supplement of $94.00 funded by the Department of Family Services. The group home is expected to be on-line the entire biennium, while the SSSO will be on-line in November of 1990. As a result, general fund of $9,024 in fiscal 1990 and $48,128 in fiscal 1991 was added to the SSI Program.

8. BA Continuations - Three programs begun via budget amendment in the 1989 biennium were continued in the 1991 biennium: 1) the Independent Living Project totaling $158,372 in fiscal 1990 and $39,245 in fiscal 1991, which assists IV-E foster children make the transition from foster care to independent living; 2) the Post-Adoption Center at $110,375 in fiscal 1990 which is designed to develop an interorganizational network of service providers; and 3) the Child Justice Act Program at $34,296 in fiscal 1990 which is intended to improve prosecution in child sexual abuse cases. All are funded with federal funds.

Funding: Funding of all administrative functions is as summarized in Table 1. All regional staff are funded with a combination of general fund, county funds, and federal revenue. All county funds were reclassified from federal to state special revenue as a result of the passage of Senate Bill 80 and total $894,427 in fiscal 1990 and $912,332 in fiscal 1991. Federal revenue is received in two ways: 1) a flat grant of social services IV-B funds from the Department of Health and Human Services of $755,582 each year; and 2) the time study cost allocation system, whereby federal foster care IV-E, medicaid, and day care IV-A funds are collected based upon the amount of time staff spends in related activities totaling $1,317,663 in fiscal 1990 and $1,365,809 in fiscal 1991. In addition, $2,051 in fiscal 1990 and $2,827 in fiscal 1991 in federal IV-A Day Care funds are included for the additional day care licensing staff discussed in Program Expansion #4.

All Work Incentive (WIN) social workers are funded 90/10 federal/general fund totaling $100,691 of federal funds and $11,188 of general fund in fiscal 1990. Children's trust fund administrative costs totaling $9,760 in fiscal 1990 and $9,761 in fiscal 1991 are funded with state special revenue from the Children's Trust Fund. The Aftercare Program is funded with general fund totaling $435,742 in fiscal 1990 and $449,486 in fiscal 1991, and interest and income of $2,800 each year. Interest and income was reclassified from federal to state special revenue as a result of the passage of Senate Bill 80. The Youth Evaluation Program is funded with general fund totaling $135,996 in fiscal 1990 and $141,205 in fiscal 1991.

Difference From Executive: The difference between the legislative appropriation and the Governor's budget is due to the following factors: 1) the executive applied a 2 percent vacancy savings rate, which reduced personal services by $160,249 in fiscal 1990 and $160,059 in fiscal 1991; 2) the executive phased out all WIN social workers in fiscal 1990, which reduced FTE by 3.38 in fiscal 1990; 3) the executive funded the additional day care licensing FTE for the full year in fiscal 1990, or 0.63 FTE over the number funded by the legislature; 4) pay plan adds $291,080 in fiscal 1990 and $598,739 in fiscal 1991; 5) the executive budget totals for foster care are $535,733 in fiscal 1990 and $537,933 in fiscal 1991 below the level funded by the legislature; 6) the executive funded a 2 percent per year increase in day care and foster care provider rates, which is $1,084,582 in fiscal 1990 and $2,006,512 in fiscal 1991 below the level funded by the legislature; 7) the executive funded Big Brothers and Sisters and Domestic Violence at the anticipated revenue level, or $99,640 each year below the level funded by the legislature; 8) additional aging funds totaling $71,564 each year that became available during the legislative session were not included in the executive budget; 9) additional funds to continue three projects begun under budget amendment in the 1991 biennium totaling $303,043 in fiscal 1990 and $39,245 in fiscal 1991 that became available during the legislation session were not included in the executive budget; and 10) the legislature did not fund additional in-home services for the elderly totaling $50,000 each year included in the executive budget.

AGENCY: DEPARTMENT OF FAMILY SERVICES

LEGISLATIVE ACTION

PROGRAM: MOUNTAIN VIEW SCHOOL

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	67.99	65.77	65.77	0.00	65.77	65.77	0.00	(2.22)
Personal Services	$1,448,999	$1,545,938	$1,677,465	$131,527	$1,548,880	$1,745,212	$196,332	15.77
Operating Expenses	277,739	305,574	306,780	1,206	308,262	309,072	810	10.46
Equipment	21,413	0	0	0	13,736	13,736	0	(100.00)
TOTAL EXPENSES	$1,748,151	$1,851,512	$1,984,245	$132,733	$1,870,878	$2,068,020	$197,142	13.51
FUNDING								
General Fund	$1,631,686	$1,762,381	$1,891,332	$128,951	$1,781,732	$1,971,252	$189,520	15.91
State Special Rev	1,609	3,213	3,213	0	3,213	3,213	0	99.69
Federal Revenue	114,856	85,918	89,700	3,782	85,933	93,555	7,622	(21.90)
TOTAL FUNDING	$1,748,151	$1,851,512	$1,984,245	$132,733	$1,870,878	$2,068,020	$197,142	13.51

Program Description: Mountain View School is responsible for the care, education, and rehabilitation of juvenile girls who are committed to the school. The school also contracts with the federal government to care for girls who are in federal custody. The average daily population (ADP) was 53.3 in fiscal 1988, compared with a budgeted level of 70. ADP is maintained at 53.3 in the 1991 biennium.

Legislative Intent: Language was added specifying that funds added for annual leave and holidays for teachers could only be used for that purpose.

Budget: FTE decrease by 2.22 as a net result of three factors: 1) 4.80 FTE were added by the 1987 legislature should population increases warrant the opening of a vacant cottage. This population did not materialize and the FTE were deleted; 2) 2.00 FTE direct care staff were added to increase coverage in Maple Cottage due to assaults against staff as discussed under Program Expansion #3; and 3) 0.58 FTE substitute teachers were added as discussed under Program Expansion #2.

Personal services increase 15.8 percent due to four factors: 1) no vacancy savings was applied in the 1991 biennium, compared with an actual rate of 4.6 percent in fiscal 1988; 2) upgrades awarded to social workers, cottage life attendants, and security guards in fiscal 1989 add $47,527 in fiscal 1990 and $47,553 in fiscal 1991; 3) holiday and vacation pay for teachers as a result of a Supreme Court decision adds $13,356 each year; and 4) pay plan adds $77,961 in fiscal 1990 and $142,076 in fiscal 1991.

Operating expenses increase 10.5 percent due to five factors: 1) $4,800 was added each year to expand ministerial services; 2) funds were added to allow the school to participate in interscholastic sports, as discussed under Program Expansion #1; 3) inflation adds $10,574 in fiscal 1990 and $15,157 in fiscal 1991; 4) psychological services were increased $6,902 each year; and 5) expenses of $2,468 supported by federal Chapter I funds were deleted due to the expected decrease in available funding.

Equipment consists of a van in fiscal 1991.

Program Expansions:

1. Athletic Competition - General fund of $8,551 in fiscal 1990 and $6,315 in fiscal 1991 was added to allow the school to participate in interscholastic sports competition, as is done at Pine Hills School.

2. Substitute Teachers - General fund of $8,084 and 0.58 FTE were added each year to allow the school to pay for substitute teachers when Mountain View School teachers are on leave. This is required by an arbitration settlement.

3. Direct Care Staff - The 1987 legislature added 4.80 FTE to open a vacant cottage if warranted by population increases. The cottage was not opened, but the school used 2.00 FTE of the additional 4.80 FTE in fiscal 1989 to increase staff coverage in Maple Cottage due to assaults against staff. The 2.00 FTE was maintained to allow continuance of the coverage at a general fund cost of $35,390 in fiscal 1990 and $35,408 in fiscal 1991.

Funding: The school is primarily funded from the general fund, which increases 15.9 percent from the fiscal 1988 level. State special revenue consists of canteen funds of $3,000 and donations of $213 each year. The increase of 99.7 percent is due to anticipated increases in canteen purchases.

Federal revenue is from three sources: 1) school foods from the Department of Education of $40,103 each year; 2) Chapter I funds from the Department of Education totaling $32,713 in fiscal 1990 and $34,178 in fiscal 1991, compared to a fiscal 1988 level of $39,139; and 3) federal boarder reimbursement, which is received for each day a student under federal jurisdiction resides at the school, totaling $16,884 in fiscal 1990 and $19,274 in fiscal 1991. This compares to a fiscal 1988 level of $36,399. The decrease is due to a reduction in the anticipated number of federal students.

Difference From Executive: The difference between the legislative appropriation and the Governor's budget is due to the following factors: 1) the executive applied a 2 percent vacancy savings rate, which reduced personal services by $29,241 in fiscal 1990 and $29,271 in fiscal 1991; 2) the executive budget totals do not include compensation to teachers for holidays worked and annual leave of $13,356 each year; and 3) pay plan adds $77,961 in fiscal 1990 and $142,076 in fiscal 1991.

LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF FAMILY SERVICES

PROGRAM: PINE HILLS SCHOOL

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 Executive	Fiscal 1990 Legislature	Fiscal 1990 Difference	Fiscal 1991 Executive	Fiscal 1991 Legislature	Fiscal 1991 Difference	FY 88-90 % Change
FTE	119.50	118.77	118.77	0.00	118.77	118.77	0.00	(0.73)
Personal Services	$2,781,950	$2,866,245	$3,052,551	$ 186,306	$2,877,736	$3,175,752	$ 298,016	9.73
Operating Expenses	636,033	656,856	652,553	(4,303)	663,732	659,269	(4,463)	2.60
Equipment	18,247	3,315	3,315	0	10,215	10,215	0	(81.83)
TOTAL EXPENSES	$3,436,230	$3,526,416	$3,708,419	$ 182,003	$3,551,683	$3,845,236	$ 293,553	7.92
FUNDING								
General Fund	$2,854,536	$2,941,817	$3,109,094	$ 167,277	$2,960,623	$3,229,305	$ 268,682	8.92
State Special Rev	47,984	51,221	318,337	267,116	51,246	325,549	274,303	563.42
Federal Revenue	533,710	533,378	280,988	(252,390)	539,814	290,382	(249,432)	(47.35)
TOTAL FUNDING	$3,436,230	$3,526,416	$3,708,419	$ 182,003	$3,551,683	$3,845,236	$ 293,553	7.92

Program Description: Pine Hills School is responsible for the care and custody of juvenile boys aged 10 to 21 who have been committed to the institution. The school was budgeted for an average daily population (ADP) of 130 in fiscal 1988. Actual ADP was 129. ADP is maintained at 129 in the 1991 biennium.

Legislative Intent: Language was added specifying that funds added for annual leave and holidays for teachers could only be used for that purpose.

Budget: FTE was reduced due to the elimination 0.73 FTE added by budget amendment in fiscal 1988.

Personal services rise 9.7 percent due to four factors: 1) there was no vacancy savings applied in the 1991 biennium, compared with an actual rate in fiscal 1988 of 2.1 percent; 2) upgrades of cottage life attendants, social workers, and security guards awarded in fiscal 1989 add $90,751 in fiscal 1990 and $90,788 in fiscal 1991; 3) holiday and vacation pay for teachers as a result of a Supreme Court decision adds $25,200 each year; and 4) pay plan adds $132,532 in fiscal 1990 and $246,669 in fiscal 1991.

Operating expenses rise 2.6 percent primarily due to inflation of $28,964 in fiscal 1990 and $40,785 in fiscal 1991. This increase was offset by a reduction in utilities due to the installation of a new temperature monitoring system.

Equipment consists of an automobile, a base radio, two television sets, and a washer and dryer.

Funding: The school is primarily funded with general fund which rises 8.9 percent. State special revenue consists of four funds: 1) alcohol tax of $30,698 in fiscal 1990 and $31,910 in fiscal 1991 for one chemical abuse counselor; 2) canteen funds of $20,000 each year; 3) donations of $1,639 each year; and 4) interest and income from various Department of State Lands properties of $266,000 in fiscal 1990 and $272,000 in fiscal 1991. The increase of 563.4 percent is due to the reclassification of interest and income from federal to state special revenue due to the passage of Senate Bill 80.

Federal revenue consists of three funds: 1) school foods from the Department of Education at $110,868 each year; 2) Chapter I funds of $96,342 in fiscal 1990 and $100,464 in fiscal 1991; and 3) federal boarder reimbursements, which are received for each day a student under federal jurisdiction is at the school, totaling $73,778 in fiscal 1990 and $79,050 in fiscal 1991.

Difference From Executive: The difference between the legislative appropriation and the Governor's budget is due to the following factors: 1) the executive applied a two percent vacancy savings rate, which reduced personal services by $55,224 in fiscal 1990 and $55,338 in fiscal 1991; and 2) pay plan adds $132,532 in fiscal 1990 and $246,669 in fiscal 1991.

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